

*Title 7, Texas Administrative Code
Part 5. Office of Consumer Credit Commissioner
Chapter 89. Property Tax Lenders*

The Finance Commission of Texas (commission) adopts amendments to §89.206 (relating to Application for Exemption), §89.207 (relating to Files and Records Required), §89.301 (relating to Definitions), §89.302 (relating to Filing of New Application), §89.303 (relating to Transfer of License; New License Application on Transfer of Ownership), §89.306 (relating to Updating Application and Contact Information), §89.307 (relating to Processing of Application), §89.308 (relating to Relocation of Licensed Offices), §89.309 (relating to License Inactivation or Voluntary Surrender), §89.311 (relating to Applications and Notices as Public Records), §89.403 (relating to License Term, Renewal, and Expiration), and §89.405 (relating to Denial, Suspension, or Revocation Based on Criminal History); adopts the repeal of §89.304 (relating to Change in Form or Proportionate Ownership), §89.305 (relating to Amendments to Pending Application), and §89.402 (relating to License Display); and adopts new §89.806 (relating to Payoff Request from Borrower) in 7 TAC Chapter 89, concerning Property Tax Lenders.

The commission adopts the amendments to §89.206, §89.207, §89.303, §89.306, §89.307, §89.308, §89.309, §89.311, §89.403, and §89.405, and adopts the repeal of §89.304, §89.305, and §89.402, without changes to the proposed text as published in the November 7, 2025 issue of the *Texas Register* (50 TexReg 7183).

The commission adopts the amendments to §89.301, §89.302, and §89.303, and adopts new §89.806, with changes to the proposed text as published in the November 7, 2025

issue of the *Texas Register* (50 TexReg 7183).

The rules in 7 TAC Chapter 89 govern property tax loans. In general, the purpose of the proposed rule changes to 7 TAC Chapter 89 is to implement changes resulting from the commission's review of the chapter under Texas Government Code, §2001.039.

An adopted amendment to §89.206 removes a requirement to provide an individual's Social Security number on the form for an individual's exemption from licensing. Under Texas Finance Code, §351.051(c), certain individuals are exempt from licensing as property tax lenders, including individuals making five or fewer property tax loans in any consecutive 12-month period from the individual's own funds. This amendment would minimize sensitive personal information collected by the OCCC.

Adopted amendments to §89.207 update recordkeeping requirements for property tax lenders. Currently, provisions throughout §89.207 refer to both paper and electronic recordkeeping systems. Amendments throughout §89.207 simplify and rearrange this language to refer to electronic recordkeeping systems before referring to paper systems, based on licensees' increasing use of electronic systems rather than paper systems. Currently, §89.207(3)(L) describes different sets of records to be maintained for judicial foreclosures and nonjudicial foreclosures. Property tax lenders' ability to perform nonjudicial foreclosures was previously codified in Texas Tax Code, §32.06(c)(2), and was repealed in 2013 (SB 247 (2013)). Because the authority to

perform nonjudicial foreclosures was repealed, the commission and the OCCC believe that it is no longer necessary to describe two different sets of documents, and that the rule should be simplified to describe one set of documents for foreclosures.

Additional adopted amendments to §89.207 relate to data security recordkeeping. An amendment at §89.207(9)(A) specifies that licensees must maintain written policies and procedures for an information security program to protect retail buyers' customer information, as required by the Federal Trade Commission's Safeguards Rule, 16 C.F.R. part 314. Another amendment at §89.207(9)(B) specifies that if a licensee maintains customer information concerning 5,000 or more consumers, then the licensee must maintain a written incident response plan and written risk assessments, as required by 16 C.F.R. §314.4. An amendment at §89.207(10) specifies that licensees must maintain data breach notifications to consumers and to the Office of the Attorney General under Texas Business & Commerce Code, §521.053. Data security is a crucial issue. The OCCC's 2025-2029 strategic plan includes action items to "[p]romote cybersecurity awareness and best practices among regulated entities" and "[m]onitor cybersecurity incidents and remediation efforts reported by regulated entities." Recent data breaches affecting financial institutions highlight the urgent need for vigilance in this industry. The adopted data security recordkeeping amendments will help ensure that the OCCC can monitor this crucial issue.

Adopted amendments and repeals in §89.301 through §89.405 would implement the OCCC's transition to the NMLS system. The Nationwide Multistate Licensing System (NMLS) is an online platform used by state financial regulatory agencies to manage

licenses, including license applications and renewals. NMLS was created in 2008. The federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 explains that the purposes of NMLS include increasing uniformity and reducing regulatory burden. SAFE Act, 12 USC §5101. Each state currently uses NMLS for licensing individual RMLOs, and states are increasingly using the system to license consumer finance companies. NMLS is managed by the Conference of State Bank Supervisors and is subject to ongoing modernization efforts and enhancements.

Under Texas Finance Code, §14.109, the OCCC is authorized to require use of NMLS for certain license and registration types, including property tax lender licenses under Texas Finance Code, Chapter 351. The OCCC has begun a phased process of migrating license groups from ALECS (the OCCC's previous licensing platform) to NMLS. In 2025, licensed property tax lenders completed their transition to NMLS. The OCCC believes that moving to NMLS will improve the user experience of the licensing system and promote efficiency. This is particularly true for entities that hold licenses with the OCCC and with another state agency, because these entities will be able to manage multiple licenses through NMLS.

Adopted amendments to §89.301 replace the term "principal party" with "key individual" to be consistent with the terminology in NMLS. Another amendment adds a definition of "NMLS." Since the proposal, a technical change has been made to add the word "an" between "including" and "individual" in the definition of "key individual."

Adopted amendments to §89.302 would streamline license application requirements and refer to instructions that the OCCC has published through NMLS. Currently, §89.302 contains a detailed list of license application items, with requirements that differ based on the applicant's entity type (e.g., partnership, corporation, limited liability company). In addition to ensuring consistency with NMLS, the amendments significantly simplify §89.302, and ensure that an applicant can easily read and understand the rule. Since the proposal, a list of items for branch license applications has been added at §89.302(c). Separate licenses for branch locations are currently required by Texas Finance Code, §351.052(b). The additional language in §89.302(c) will clarify what the OCCC generally expects a licensee to provide with a branch license application (as opposed to a company license application). Since the proposal, the reference to any assumed names or other trade names has been moved to §89.302(b)(8) for clarity. Since the proposal, references to §89.303 and required items for a transfer of ownership have been added at §89.302(b)(12) and §89.302(c)(4), in order to provide additional clarity. An amendment at §89.302(d) explains that the OCCC may require additional, clarifying, or supplemental information to determine that the applicant meets statutory licensing requirements. An amendment at §89.302(e) explains that an applicant must immediately amend a pending application if any information changes requiring a materially different response, replacing language that will be removed from §89.306(a), as explained later in this preamble.

Adopted amendments to §89.303 streamline and simplify requirements for transfer of ownership and license transfer to ensure consistency with NMLS. In §89.303(b)(3),

amendments streamline the definition of "transfer of ownership" while maintaining references to changes in management or control of a business, and also maintaining the current exclusion relating to changes in proportionate ownership. The adoption maintains certain rule text in the definition of "transfer of ownership" that would have been removed in the proposed amendments. This change is based on further consideration since the proposal. In order for the OCCC to ensure that licensees operate lawfully and fairly, it may be appropriate and necessary for the OCCC to review certain changes of control of a single entity through the license application process. An amendment to §89.303(c) explains that to transfer a license, a transferor may request surrender of its license after the OCCC approves the transferee's new license application on transfer of ownership. Other amendments throughout §89.303 ensure consistency with this revised transfer process.

The adoption repeals §89.304, which currently requires licensees to notify the OCCC of changes to organizational form, mergers resulting in creation of a new or different surviving entity, and certain changes in proportionate ownership. Going forward in NMLS, the OCCC anticipates that these changes will be handled through the advance change notice process, as explained later in this preamble in the discussion of amendments to §89.306. Therefore, §89.304 will no longer be necessary.

The adoption repeals §89.305, which currently requires license applicants to provide supplemental information to the OCCC on request. Because of the adopted amendment at §89.302(c) explaining the OCCC may require additional information, §89.305 will no longer be necessary.

Adopted amendments to §89.306 consolidate and simplify the types of required notifications that a licensee must provide to the OCCC when a change occurs. In §89.306(a), the amendments list advance change notices. NMLS uses the term "advance change notice" to refer to notifications that must be provided on or before the date of the change, in accordance with an agency's written instructions. As explained in the amendments to §89.306(a), this includes changes to the legal name of the entity, the legal status of the entity, names of key individuals, branch location addresses, and other listed items. In §89.306(b), amendments list notifications that are required not later than 30 days after the licensee has knowledge of the information. These items include bankruptcies of the licensee or its direct owners, because a bankruptcy is a significant event that may impact the financial responsibilities of a licensee and its ability to address compliance issues. These items also include notifications of data breaches affecting at least 250 Texas residents, helping to ensure that the OCCC can effectively monitor the crucial issue of cybersecurity (as discussed earlier in the discussion of adopted amendments to §89.207).

Adopted amendments to §89.307 revise license application processing requirements to be consistent with NMLS and with the statute at Texas Finance Code, §351.104. An amendment at §89.307(d) explains that a license application may be considered withdrawn if a complete application has not been filed within 30 days after a notice of deficiency has been sent to the applicant, consistent with how license applications are processed in NMLS. Under Texas Finance Code, §351.104(b), if the OCCC finds that a license applicant has not met the eligibility requirements for a license, then the OCCC

will notify the applicant. Under Texas Finance Code, §351.104(c), an applicant has 30 days after the date of the notification to request a hearing on the denial. Amendments at §89.307(d) specify that if the eligibility requirements for a license have not been met, the OCCC will send a notice of intent to deny the license application, as described by Texas Finance Code, §351.104(b). Amendments at §89.307(e) revise current language to specify that an affected applicant has 30 days from the date of the notice of intent to deny to request a hearing, as provided by Texas Finance Code, §351.104(c). An amendment removes current §89.307(e), regarding disposition of fees, because this language unnecessarily duplicates language in §89.310 (regarding Fees). Amendments to §89.307(f) clarify the 60-day target period to process a license application and the 60-day target period to set a requested hearing on an application denial, in accordance with Texas Finance Code, §351.104(c)-(d).

Adopted amendments to §89.308 revise requirements for notice of relocation of licensed offices. The adoption removes current §89.308(a), because the requirement to notify the OCCC of a branch office relocation will be moved to §89.306(a) as an advance change notice, as discussed earlier in this preamble. An amendment to current §89.308(b) explains that a licensee may send notice of a relocation to a debtor by email if the debtor has provided an email address and consented in writing to be contacted at the email address, in order to accommodate electronic communications.

Adopted amendments to §89.309 revise requirements for license surrender. The amendments explain that a licensee may surrender a license by providing the information required by the OCCC's written instruction, in accordance with Texas

Finance Code, §351.160, and that a surrender is effective when the OCCC approves the surrender.

Adopted amendments to §89.311 remove a sentence about the return of original documents filed with a license application. This sentence is no longer necessary because the OCCC no longer accepts original paper documents with a license application.

The adoption repeals §89.402, which describes the requirement to display a license. This section is unnecessary because it duplicates the statutory license display requirement at Texas Finance Code, §351.152. Going forward, licensees may comply with the statutory license display requirement by printing out company license information from NMLS.

Adopted amendments to §89.403 revise requirements for license renewal. An amendment at §89.403(b) explains that a licensee must maintain an active account in NMLS (or a designated successor system) in order to maintain and renew a license, and that renewal may be unavailable to a licensee that fails to maintain an active account. An amendment at §89.403(d) specifies that the OCCC may send notice of delinquency of an annual assessment fee electronically through NMLS or by email to the primary company contact, removing current language that refers to a "master file" address under the OCCC's current system.

Adopted amendments to §89.405 revise criminal history review requirements to explain that the OCCC will obtain criminal history record information through NMLS and to use the term "key individual."

Adopted new §89.806 describes requirements for property tax loan payoff

requests authorized by a borrower. Currently, the rules in §89.801 through §89.805 describe requirements for payoff requests from another lienholder to a property tax lender, but these sections do not describe requirements for a payoff request that is authorized by a borrower. Property tax lenders have requested that the OCCC provide guidance and clear standards on this issue, in order to ensure that the payoff process functions properly, that borrowers are enabled to pay off their property tax loans in a reasonable amount of time, and that property tax lenders are able to safeguard borrowers' personal information. Consistent with the prohibition on prepayment penalties in Texas Tax Code, §32.065(d), and Texas Finance Code, §343.205 and §351.0021(a)(9), a borrower has a right to pay off a property tax loan early. New §89.806(a) explains this right. New §89.806(b) describes the payoff request process that should be used if a property tax lender obtains a borrower's authorization to pay off a property tax loan held by an existing property tax lender. This includes guidelines for the authorized property tax lender to obtain the borrower's written authorization and send the payoff request, as well as guidelines for the existing property tax lender to provide a payoff statement. Since the proposal, in response to comments received, changes have been made to §89.806(b) to add the term "certificate of authenticity" in reference to the proof of the borrower's signature, and to refer to the borrower's "signed authorization" for clarity.

The OCCC issued an advance notice of rule review and received three informal comments in response to that notice. Notice of the review of 7 TAC Chapter 89 was published in the *Texas Register* on August 1, 2025 (50 TexReg 5069). The commission received one official comment in response to

that notice from Panacea Lending LLC, a property tax lender.

The OCCC distributed an early precomment draft of the proposed amendments to interested stakeholders for review, and then held a stakeholder meeting and webinar regarding the rule changes. The OCCC received four precomments on the proposed amendments from stakeholders, consisting of one precomment from the Texas Property Tax Lienholders Association (TPTLA), two precomments from a law firm representing property tax lenders, and one precomment from Panacea Lending.

The OCCC received one official written comment on the proposed amendments. The official comment was from TPTLA. TPTLA generally supported the proposed amendments, although it recommended additional changes to §89.806, discussed later in this preamble. In addition, a representative of Panacea Lending testified on the proposed amendments at the Finance Commission's meetings August 15 and October 24, 2025, and reiterated the points from Panacea Lending's precomment and official comment on the rule review. In general, Panacea Lending expressed concerns that the proposed amendments did not sufficiently address various issues raised by Panacea Lending in its comments.

One precomment, provided by a law firm representing property tax lenders, addressed the proposed recordkeeping requirements in §89.207. The precomment recommended revising the current requirements on recordkeeping for the notice to cure the default and the notice of intent to accelerate, to remove the phrase "including verification of delivery of the notice," which is currently used in §89.207(L)(i)(II)-(III), because service is complete under Texas Property

Code, §51.002(e) when the notice is placed in the mail. In response to this suggestion, the adopted version of this provision at §89.207(L)(ii)-(iii) states that the record includes "any mail tracking or other verification of delivery of the notice," with the word "any" indicating that property tax lenders would be required to maintain the information if they obtain it.

Several stakeholders commented on the new payoff statement rule at §89.806. The new rule was addressed in Panacea Lending's comments, TPTLA's comments, and a precomment filed by a law firm representing property tax lenders. Stakeholders generally expressed support for having clear guidelines on the issue of borrower payoff statements, although they differed in suggestions for the timing of the payoff statement and technical requirements for the borrower's authorization.

Panacea Lending's comments argue that current rules "allow some lenders to delay, obstruct, or deny valid payoff requests based on technicalities or unreasonable demands." For this reason, Panacea Lending supports a rule specifying that borrowers have an unconditional right to authorize payoff of a property tax loan, that a borrower's electronic signature will be deemed valid, that a lender may not require a payoff request to be submitted through a particular platform, that each property tax lender must maintain a designated email address on its website solely for receiving payoff requests, that a lender must provide a full and accurate statement within three business days, and that refusal to accept a valid payoff request is an unfair or deceptive practice subjecting the property tax lender to an administrative penalty and corrective action. In response to other stakeholder concerns about the inability to verify payoff authorizations, Panacea

Lending's precomment suggests that these concerns are "not genuine," and that payoff authorizations from a licensed lender should be presumed valid under a "safe harbor." Panacea Lending's precomment states that it should not be compelled to provide borrower phone numbers or email addresses due to concerns about compliance with the Gramm-Leach-Bliley Act (GLBA). Regarding concerns about Panacea Lending's use of an e-signature platform developed for the medical industry, Panacea Lending argues that its software provides "stronger user authentication, complete audit trails, encrypted records, and robust access controls." Regarding stakeholder concerns about providing payoff statements within three business days, Panacea Lending argues that payoff statements can be generated "within hours, not days," and that any exceptions for loans in litigation could be carved out of a general three-day rule.

In its official comment, TPTLA argues that "the current payoff system among property tax lenders is working effectively," and that there have been "very few complaints related to payoff procedures." TPTLA suggests that the proposed amendments to §89.806 "simply refine and codify best practices already followed by responsible lenders." TPTLA expresses concerns about a company using an e-signature platform designed for HIPAA compliance standards that do not apply to property tax lending, and that "the use of this system is misaligned with financial verification needs and obstructs lenders from confirming the borrower's authorization." TPTLA argues that "[w]ithout access to signer verification data, the lender receiving the payoff request cannot confirm that the borrower truly authorized the release." Therefore, TPTLA suggests that the proof of authorization include a certificate of authenticity containing the

signer's name, IP address, email address, and date and time of signing. TPTLA also recommends a seven-business-day period for providing payoff statements due to consistency with industry norms and the federal standard for mortgages under Regulation Z, 12 C.F.R. §1026.36.

In a precomment, a law firm representing property tax lenders recommended a seven-business-day period for issuing the payoff statement and a 30-day period for relying on a payoff statement, citing current periods described by §89.802.

The commission and the OCCC appreciate that borrower payoff requests are an important issue warranting regulatory guidance. This importance underlies the rationale for the adopted amendments to §89.806.

Regarding the timing of the payoff statement, the commission and the OCCC believe that a seven-business-day period is appropriate and consistent with industry standards. This period is also consistent with the current seven-business-day requirement for payoff statements that property tax lenders provide to other lienholders under 7 TAC §89.802(i) (relating to Payoff Statements), and with the seven-business-day period for payoff statements for mortgage loans described in the Truth in Lending Act, 15 U.S.C. §1639g, and Regulation Z, 12 C.F.R. §1026.36(c)(3). For this reason, adopted §89.806(b)(3) contains a seven-business-day period for providing the payoff statement. The commission and the OCCC disagree with the suggestion to use a three-business-day period, because this is inconsistent with industry standards. The commission declines to adopt a specific 30-day period for relying on a payoff statement, because reliance for

this amount of time could be impractical in particular situations.

Regarding technical requirements for the payoff request, the commission and the OCCC believe that concerns about validation are genuine, but want to ensure that the rule remains flexible enough to accommodate changing technology. The adopted amendments to §89.806 contain language explaining that lenders must maintain proof of electronic signatures "in accordance with standards for electronic signatures." In response to comments, changes have been made to §89.806(b) to refer to a certificate of authenticity, which would be the expected form of proof of the borrower's authorization. The commission and the OCCC disagree with Panacea Lending's suggestion that providing a borrower's email address or phone number would necessarily violate GLBA. This issue could be addressed by disclosing how the information will be used to the consumer in a privacy notice. See Regulation P, 12 C.F.R. §1016.6. The commission and the OCCC also disagree with Panacea Lending's suggestion to use a regulatory "safe harbor" under which requests from a licensed property tax lender would be presumed valid. It is a prudent data security practice for lenders to verify incoming requests before releasing a borrower's sensitive financial transaction information.

In its official comment on the rule review, Panacea Lending addressed additional issues that were not ultimately included in the proposed or adopted rule amendments. Panacea Lending also raised these issues in its precomment on the proposed amendments, and in its testimony at the August 15 and October 24 commission meetings. TPTLA's official comment on the

proposed amendments included responses to the issues raised by Panacea Lending.

First, Panacea Lending's comments recommend mandatory compliance procedures requiring property tax lenders to conduct yearly internal reviews of residential property tax loans to determine whether borrowers are subject to homestead exemptions for being older than 65 or having a disability, and a requirement that property tax lenders send notices to borrowers who are subject to exemptions, with the notice confirming the exemption or deferment and explaining how the property owner may apply for it. In a supplement to the original comment, Panacea Lending suggests requiring additional documents at closing, as well as a disclosure to be read aloud to the borrower by a notary, asking about disabilities and whether the borrower is the surviving spouse of a first responder, as well as a required disclosure to be provided when a property tax lender is prohibited from making a loan. Panacea Lending cites Texas Attorney General Opinion No. GA-0787 (2010), in which the attorney general found that the Texas Tax Code prohibits a property tax lender from foreclosing on a property owner who has attained the age of 65 and filed a deferment of taxes. TPTLA's official comment argues that existing Texas law at Texas Tax Code, §33.06 and §33.065 (among other provisions) already prohibit originating property tax loans for homeowners who qualify for age exemptions. TPTLA also asserts that licensed lenders follow stringent procedures to prevent these loans, including cross-referencing dates of birth and county appraisal records, and that there is no evidence of widespread non-compliance. Therefore, TPTLA argues that Panacea Lending's proposal is redundant and unnecessary.

Although the Tax Code's foreclosure requirements and prohibitions are an important compliance issue for property tax lenders, the commission and the OCCC disagree with the rule amendments proposed by Panacea Lending. The suggested amendments go significantly beyond the Tax Code's statutory requirements, may require property tax lenders to provide legal advice to borrowers, and may not be possible to fully implement in practice. For example, it is unclear how a property tax lender can determine, from a review of its files, whether a borrower currently has a disability making the borrower eligible for a deferment or exemption. Some of the disclosures described in the comment may be a prudent business practice for property tax lenders, but the prescriptive nature of the suggested disclosures goes beyond the intended scope of the rules in 7 TAC Chapter 89.

Second, Panacea Lending's comments recommend amending advertising rules to require the word "lender" to appear on all marketing pieces. Panacea Lending argues that this change is necessary to prevent misleading advertising. TPTLA's official comment responds that false and misleading advertising are already addressed by existing provisions and that the change proposed by Panacea Lending is unnecessary.

The rule at 7 TAC §89.208 (relating to Advertising) already prohibits false, deceptive, or misleading advertising; requires disclosure of the name of the property tax lender; and prohibits advertisements resembling government documents, among other advertising requirements. The rule at 7 TAC §89.507 (relating to Permissible Changes) allows property tax lenders to revise disclosures to use the term "transferee" for "property tax lender," and to use the term "tax lien transfer" for "property tax loan."

The commission and the OCCC believe that Panacea Lending's suggested change requiring the word "lender" is unnecessary, given the existing advertising requirements and the alternative terminology for the transaction used in Texas Tax Code, Chapter 32.

Third, Panacea Lending's comments recommend amending 7 TAC §89.601 (relating to Fees for Closing Costs) to adjust the maximum closing costs for a residential property tax loan. Currently, 7 TAC §89.601 provides a general maximum of \$900 for closing costs, plus up to \$100 for each additional parcel of property past the first parcel, plus reasonable fees for certain direct costs to address title defects. The comment recommends adjusting the maximum to \$1,500, indexed annually to inflation using the Consumer Price Index, based on increased costs of staffing, technology, and insurance. TPTLA's official comment opposes changing this maximum fee, arguing that the current rule protects consumers, that technological efficiencies have offset inflationary pressure, and that raising the maximum would invite high-fee, short-term lending.

The commission and the OCCC recognize that certain costs have increased for lenders. However, the commission and the OCCC believe that the \$900 maximum (plus additional amounts for certain transaction) remains a fair maximum for lenders in relation to typical residential property tax loan amounts (which averaged \$21,399 in calendar year 2024). The commission and the OCCC have not received sufficient information to support raising the maximum closing costs at this time.

Fourth, Panacea Lending's comments recommend adding a requirement for a

property tax lender to obtain a signed loan application, and to provide a nonbinding pre-closing disclosure with a 48-hour waiting period for the property tax loan to be closed. Panacea Lending argues that this is necessary because borrowers may receive loan terms without a written record of what was actually offered, preventing borrowers from comparison shopping. TPTLA's official comment responds that these additional requirements are unnecessary because existing rules already required timely, signed pre-closing disclosures of transaction terms, and require lenders to maintain records of loan applications and disclosures.

Regarding the signed loan application, the commission and the OCCC believe that this requirement is unnecessary, because the recordkeeping rule at 7 TAC §89.207(3)(A)(ii) (relating to Files and Records Required) already requires property tax lenders to maintain a transaction file that includes the application and any written or recorded information used in evaluating the application. Regarding a nonbinding pre-closing disclosure and 48-hour waiting period, the commission and the OCCC believe that the Panacea Lending's suggested changes go beyond statutory requirements and the intended scope of the rules. Property tax loans are already subject to pre-closing disclosure requirements under Texas Tax Code, §32.06(a-4)(1) and 7 TAC §89.504 (relating to Requirements for Disclosure Statement to Property Owner). The pre-closing disclosure includes key loan terms, and lenders are required to amend disclosures promptly if they are inaccurate. See 7 TAC §89.504(c)(3). In addition, residential property tax loans are subject to a three-day right of rescission under Texas Tax Code, §32.06(d-1).

Fifth, Panacea Lending's comments recommend amending the rule at 7 TAC §89.802 (regarding Payoff Statements) for payoff statements that a property tax lender provides to certain lienholders. Panacea Lending suggests adding information about delinquent payments, late fees, and tax deferrals, in order to ensure that borrowers are informed about these items. TPTLA's official comment responds that current rules already require comprehensive payoff statements under §89.802 (including unpaid principal balance, accrued interest, additional fees with a description of each fee, and total payoff amount), and that the proposed changes would add unnecessary complexity, increasing administrative costs without improving borrower outcomes.

The commission and the OCCC disagree with Panacea Lending's suggested changes to 7 TAC §89.802. Unlike the payoff statements described in the adopted new rule at §89.806, payoff statements under §89.802 are primarily provided to other lienholders and would not achieve the intended effect of informing borrowers.

Sixth, Panacea Lending's comments recommend that trade organizations should be required to publicly disclose their meetings with the OCCC 60 days in advance. The comments also suggest that within 10 business days after a meeting with the OCCC, a trade organization should be required to disclose the date, time, and location of the meeting; the name of the hosting organization or sponsor; names and titles of all OCCC personnel in attendance; names and titles of property tax lenders' representatives in attendance; agenda topics or discussion summaries; copies of presentation slides shared by or with the OCCC; names of industry presenters; and a summary that clearly states each topic

discussion. The comment argues that this is necessary to address "unequal access" and a "perception of bias." TPTLA disagrees with this suggestion, arguing that TPTLA has a record of compliance and ethical conduct, and has built a collaborative relationship with the OCCC rooted in transparency and shared objectives.

The commission and the OCCC disagree with Panacea Lending's suggestion. The OCCC fully complies with government transparency requirements and strives to follow an open process that makes rules and guidance available to stakeholders. The OCCC generally meets with stakeholders on request, whether or not they are connected to a trade association. Panacea Lending's suggestions would unnecessarily impair the OCCC's communications with stakeholders and inappropriately single out trade associations as opposed to other stakeholders.

Seventh, Panacea Lending's comments recommend amending pre-closing disclosure requirements so that the requirements are uniform for residential property tax loans and commercial property tax loans, requiring commercial property tax lenders to disclose an NMLS ID number and additional loan calculations. Currently, the rule at 7 TAC §89.506 (relating to Disclosures) provides distinct pre-closing disclosure forms for residential and commercial property tax loans. TPTLA's official comment responds that these changes are inappropriate because Texas law differentiates between residential and commercial property tax loans in structure and borrower protections, and that merging the forms would create confusion and compliance risk.

The commission and the OCCC disagree with Panacea Lending's suggestion to merge

the disclosures and require commercial lenders to provide residential disclosures. There are significant differences between residential property tax loans and commercial property tax loans, and these differences warrant distinct disclosures. For example, residential property tax loans are subject to Texas Finance Code, Chapter 180, which requires the individual residential mortgage loan originator to hold a license in NMLS, while commercial property tax loans are not subject to this requirement (meaning the individual originator of a commercial property tax loan might not have an NMLS ID). Also, under Texas Finance Code §351.0021, a prepayment penalty is authorized for commercial property tax loans but not residential property tax loans, and this distinction is reflected in the disclosures at 7 TAC §89.506.

Eighth, Panacea Lending's precomment requests clarification on "the source, scope, and authority of any limitation on the number of rules the OCCC may consider or advance during this rulemaking cycle." To clarify, there is no specific numerical limitation on how many rules can be addressed in a rule review. Rather, the scope of the commission's rulemaking authority and the OCCC's authority is limited by statute. The Finance Commission may only adopt rules to implement applicable statutory provisions (in this case, Texas Finance Code, Chapter 351 and Texas Tax Code, Chapter 32). To minimize regulatory burden, the OCCC takes a restrained approach to regulation and works to ensure that rules are limited to what is necessary to enforce and administer the statute. The OCCC carefully considers this approach when presenting rule actions to the commission. The OCCC believes that the current adoption of amendments to 7 TAC Chapter 89 supports this approach.

Ninth, Panacea Lending's precomment expresses concerns about whether there was sufficient advance notice of the commission's and OCCC's reasons for not adopting Panacea Lending's proposed changes. The commission's and OCCC's reasons were included in the meeting materials posted in advance of the commission's meeting on October 24, 2025. Panacea Lending had an opportunity to review this material before testifying at the October 24 meeting. The commission and the OCCC provided sufficient formal responses to comments as required by statute under Texas Government Code, §2001.033 and §2001.039, in addition to providing numerous additional opportunities for informal stakeholder feedback to support a transparent rulemaking process.

The rule changes are adopted under Texas Finance Code, §351.007, which authorizes the commission to adopt rules to ensure compliance with Texas Finance Code, Chapter 351, and Texas Tax Code, §32.06 and §32.065. The rule changes are also adopted under Texas Finance Code, §14.109, which authorizes the OCCC to require that a person submit information through NMLS if the information is required under a rule adopted under Texas Finance Code, Chapter 351. In addition, Texas Finance Code, §11.304 authorizes the commission to adopt rules to ensure compliance with Texas Finance Code, Title 4.

The statutory provisions affected by the adoption are contained in Texas Finance Code, Chapter 351 and Texas Tax Code, Chapter 32.

Subchapter B. Authorized Activities

§89.206. Application for Exemption

(a) For an individual to apply for exemption from licensing under this chapter as a qualifying individual under Texas Finance Code, §351.051(c)(2), the individual must provide a signed, dated, and notarized affidavit containing the following:

(1) the individual's name and address;

~~[(2) the individual's social security number;]~~

(2) ~~[(3)]~~ the anticipated date of the property tax loan;

(3) ~~[(4)]~~ a description of the property by legal description, and if applicable, street address; and

(4) ~~[(5)]~~ a sworn statement that the individual is someone who:

(A) is related to the property owner within the second degree of consanguinity or affinity, as determined under Texas Government Code, Chapter 573; or

(B) makes five or fewer property tax loans in any consecutive 12-month period from the individual's own funds.

(b) - (c) (No change.)

§89.207. Files and Records Required

Each licensee must maintain records with respect to each property tax loan made under Texas Finance Code, Chapter 351 and Texas Tax Code, §32.06 and §32.065, and make those records available for examination under Texas Finance Code, §351.008. The records required by this section may be maintained by using either an electronic recordkeeping system, a paper or manual recordkeeping

system, ~~[electronic recordkeeping system, optically imaged recordkeeping system,]~~ or a combination of the preceding types of systems, unless otherwise specified by statute or regulation. If federal law requirements for record retention are different from the provisions contained in this section, the federal law requirements prevail only to the extent of the conflict with the provisions of this section.

(1) - (2) (No change.)

(3) Property tax loan transaction file. A licensee must maintain an electronic or [a] paper ~~[or imaged]~~ copy of a property tax loan transaction file for each individual property tax loan or be able to produce the same information within a reasonable amount of time. The property tax loan transaction file must contain documents that show the licensee's compliance with applicable law, including Texas Finance Code, Chapter 351; Texas Tax Code, §32.06 and §32.065, and any applicable state and federal statutes and regulations. If a substantially equivalent electronic record for any of the following documents exists, a paper copy of the record does not have to be included in the property tax loan transaction file if the electronic record can be accessed upon request. The property tax loan transaction file must include copies of the following records or documents, unless otherwise specified:

(A) - (K) (No change.)

(L) For property tax loan transactions involving a foreclosure or attempted foreclosure, the following records ~~[required by Texas Tax Code, Chapters 32 and 33]:~~

(i) any records pertaining to the foreclosure, including records from the

licensee's attorneys, the court, or the borrower or borrower's agent; [For transactions involving judicial foreclosures under Texas Tax Code, §32.06(c):]

~~[(I) any records pertaining to a judicial foreclosure including records from the licensee's attorneys, the court, or the borrower or borrower's agent;]~~

~~[(II) if sent by an attorney who is not an employee of the licensee, any notice to cure the default sent to the property owner and each holder of a recorded first lien on the property as specified by Texas Property Code, §51.002(d) including verification of delivery of the notice;]~~

~~[(III) if sent by an attorney who is not an employee of the licensee, any notice of intent to accelerate sent to the property owner and each holder of a recorded first lien on the property, including verification of delivery of the notice;]~~

~~[(IV) if sent by an attorney who is not an employee of the licensee, any notice of acceleration sent to the property owner and each holder of a recorded first lien on the property;]~~

~~[(V) any written documentation that confirms that the borrower has deferred their property tax on the property subject to the property tax loan as permitted under Texas Tax Code, §33.06, such as the Tax Deferral Affidavit for 65 or Over or Disabled Homeowner, Form 50-126 filed with the appraisal district, attorney, or court;]~~

~~[(VI) records relating to the distribution of excess proceeds as required by Texas Tax Code, §34.02 and §34.04;]~~

~~[(VII) the foreclosure deed upon sale of the property;]~~

~~[(VIII) if the property is purchased at the foreclosure sale by the licensee, copies of receipts or invoices substantiating any amounts reasonably spent by the purchaser in connection with the property as costs within the meaning of Texas Tax Code, §34.21(g);]~~

(ii) any notice to cure the default sent to the property owner and each holder of a recorded first lien on the property as specified by Texas Property Code, §51.002(d), including any mail tracking or other verification of delivery of the notice; [For transactions closed before May 29, 2013, involving nonjudicial foreclosures under Act of May 7, 1995, 74th Leg., R.S., ch. 131, §1, sec. 32.06(e)(2), 1995 Tex. Gen. Laws 957, as amended by Act of May 25, 2007, 80th Leg., R.S., ch. 1329, §1, sec. 32.06(e)(2), 2007 Tex. Gen. Laws 4484, 4485 (repealed 2013) (previously codified at Texas Tax Code, §32.06(e)(2));]

~~[(I) the notice to cure the default sent to the property owner and each holder of a recorded first lien on the property as required by Texas Property Code, §51.002(d) including verification of delivery of the notice;]~~

~~[(II) the notice of intent to accelerate sent to the property owner and each holder of a recorded first lien on the property, including verification of delivery of the notice;]~~

~~[(III) the notice of acceleration sent to the property owner and each holder of a recorded first lien on the property;]~~

~~[(IV) any written documentation that confirms that the borrower has deferred their property tax on the property subject to the property tax loan as permitted under Texas Tax Code, §33.06, such as the Tax Deferral Affidavit for 65 or Over or Disabled Homeowner, Form 50-126 filed with the appraisal district, attorney, or court;]~~

~~[(V) the application for Order for Foreclosure under Texas Rules of Civil Procedure, Rule 736.1;]~~

~~[(VI) copies of any returns of citations issued under Texas Rules of Civil Procedure, Rule 736.3, showing the date and time the citation was placed in the custody of the U.S. Postal Service;]~~

~~[(VII) copies of any responses filed contesting the Application for Order for Foreclosure as described in Texas Rules of Civil Procedure, Rule 736.5;]~~

~~[(VIII) the motion and proposed order to obtain a default order, if any, under Texas Rules of Civil Procedure, Rule 736.7;]~~

~~[(IX) the order granting or denying the application for foreclosure as specified under Texas Rules of Civil Procedure, Rule 736.8;]~~

~~[(X) the notice provided to the recorded preexisting lienholder, at least, 60 days before the date of the proposed foreclosure;]~~

~~[(XI) the notice of sale as required by Texas Property Code, §51.002(b) including verification of delivery of the notice;]~~

~~[(XII) records relating to the distribution of excess proceeds as required by Texas Tax Code, §34.021 and §34.04;]~~

~~[(XIII) the foreclosure deed upon sale of the property;]~~

~~[(XIV) if the property is purchased at the foreclosure sale by the licensee, copies of receipts or invoices substantiating any amounts reasonably spent by the purchaser in connection with the property as costs within the meaning of Texas Tax Code, §34.21(g);]~~

(iii) any notice of intent to accelerate sent to the property owner and each holder of a recorded first lien on the property, including any mail tracking or other verification of delivery of the notice;

(iv) any notice of acceleration sent to the property owner and each holder of a recorded first lien on the property;

(v) any written documentation that confirms that the borrower has deferred property tax on the property subject to the property tax loan as permitted under Texas Tax Code, §33.06, such as the Tax Deferral Affidavit for 65 or Over or Disabled Homeowner, Form 50-126 filed with the appraisal district, attorney, or court;

(vi) records relating to the distribution of excess proceeds as required by Texas Tax Code, §34.02 and §34.04;

(vii) the foreclosure deed upon sale of the property;

(viii) if the property is purchased at the foreclosure sale by the

licensee, copies of receipts or invoices substantiating any amounts reasonably spent by the purchaser in connection with the property as costs within the meaning of Texas Tax Code, §34.21(g);

(M) For property tax loans involving one or more electronic signatures, copies of any notices or disclosures provided in connection with the electronic signatures and proof of the signature in accordance with standards for electronic signatures.

(3) - (8) (No change.)

(9) Information security program. A licensee must maintain the following for an information security program:

(A) written policies and procedures for an information security program to protect borrowers' customer information under the Federal Trade Commission's Safeguards Rule, 16 C.F.R. part 314; and

(B) if a licensee maintains customer information concerning 5,000 or more consumers, a written incident response plan and written risk assessments under 16 C.F.R. §314.4.

(10) Data breach notifications. A licensee must maintain the following for data breach notifications:

(A) the text of any data breach notification provided to borrowers, including any notification under Texas Business & Commerce Code, §521.053, for a period of four years from the date of the notification; and

(B) any data breach notification provided to a government agency, including

any notification provided to the Office of the Attorney General under Texas Business & Commerce Code, §521.053, for a period of four years from the date of the notification.

(11) [(9)] Retention and availability of records. All books and records required by this section must be available for inspection at any time by OCCC staff, and must be retained for a period of four years from the date of the contract, two years from the date of the final entry made thereon by the licensee, whichever is later, or a different period of time if required by federal law. The records required by this section must be available or accessible at an office in the state designated by the licensee except when the property tax loan transactions are transferred under an agreement which gives the OCCC access to the documents. Documents may be maintained out of state if the licensee has in writing acknowledged responsibility for either making the records available within the state for examination or by acknowledging responsibility for additional examination costs associated with examinations conducted out of state.

Subchapter C. Application Procedures

§89.301. Definitions

Words and terms used in this chapter that are defined in Texas Finance Code, Chapter 351 have the same meanings as defined in Chapter 351. The following words and terms, when used in this chapter, will have the following meanings, unless the context clearly indicates otherwise.

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

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

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

(C) an individual designated as a key individual where necessary to fairly assess the applicant or licensee's financial responsibility, experience, character, general fitness, and sufficiency to command the confidence of the public and warrant the belief that the business will be operated lawfully and fairly.

(2) [(4)] Net assets--The total value of acceptable assets used or designated as readily available for use in the business, less liabilities, other than those liabilities secured by unacceptable assets. Unacceptable assets include, but are not limited to, goodwill, unpaid stock subscriptions, lines of credit, notes receivable from an owner, property subject to the claim of homestead or other property exemption, and encumbered real or personal property to the extent of the encumbrance. Generally, assets are available for use if they are readily convertible to cash within 10 business days.

(3) NMLS--The Nationwide Multistate Licensing System. [(2) Parent entity--A direct owner of a licensee or applicant.]

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

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

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

~~[(C) officers of privately held corporations, to include the chief executive officer or president, the chief operating officer or vice president of operations, the chief financial officer or treasurer, and those with substantial responsibility for lending operations or compliance with Texas Finance Code, Chapter 351;]~~

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

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

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

~~[(ii) three officers or similar employees with significant involvement in the corporation's activities governed by Texas Finance Code, Chapter 351. One of the persons designated must be responsible for assembling and providing the information required on behalf of the applicant and must sign the application for the applicant;]~~

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

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

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

§89.302. Filing of New Application

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

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

~~[(A) Application for license.]~~

[(i) Location information. A physical street address must be listed for the applicant's proposed lending address, or if the applicant will have no such location, a statement to that effect must be provided. For

~~applicants with a proposed location in Texas, a post office box or a mail box location at a private mail receiving service generally may not be used. If the address has not yet been determined or if the application is for an inactive license, then the application must so indicate.]~~

~~[(ii) Responsible person. The person responsible for the day to day operations of the applicant's proposed offices must be named.]~~

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

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

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

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

~~[(III) Limited partnerships. Each partner, general and limited, fulfilling the requirements of items (-a) - (-c) of this subclause must be listed and the percentage of ownership stated.]~~

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

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

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

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

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

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

~~[(VII) All entity types. If a parent entity is a different type of legal business entity than the applicant, the parent entity's owners and principal parties should be disclosed according to the parent's entity type.]~~

~~[(B) Disclosure questions. All applicable questions must be answered. Questions requiring a "yes" answer must be accompanied by an explanatory statement and any appropriate documentation requested.]~~

~~[(C) Personal information.]~~

~~[(i) Personal affidavit. Each individual meeting the definition of~~

~~"principal party" as defined in §89.301 of this title (relating to Definitions) or who is a person responsible for day-to-day operations must provide a personal affidavit. All requested information must be provided.]~~

~~[(ii) Personal questionnaire. Each individual meeting the definition of "principal party" as defined in §89.301 of this title or who is a person responsible for day-to-day operations must provide a personal questionnaire. Each question must be answered. If any question, except question 1, is answered "yes," an explanation must be provided.]~~

~~[(iii) Employment history. Each individual meeting the definition of "principal party" as defined in §89.301 of this title or who is a person responsible for day-to-day operations must provide an employment history. Each principal party should provide a continuous 10-year history, accounting for time spent as a student, unemployed, or retired. The employment history must also include the individual's association with the entity applying for the license.]~~

~~[(D) Additional requirements.]~~

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

~~obtain the necessary knowledge to operate lawfully and fairly.;~~

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

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

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

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

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

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

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

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

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

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

~~[(iii) Statement of records. Each applicant must provide a statement of where records of Texas transactions will be maintained. If these records will be maintained at a location outside of Texas, the applicant must acknowledge responsibility for the travel cost associated with examinations in addition to the assessment fees or agree to make all records available for examination in Texas.]~~

~~[(E) Consent form. Each applicant must submit a consent form signed by an authorized individual. Electronic signatures will be accepted in a manner approved by the commissioner. The following are authorized individuals:]~~

~~[(i) If the applicant is a proprietor, each owner must sign.]~~

~~[(ii) If the applicant is a partnership, each general partner must sign.]~~

~~[(iii) If the applicant is a corporation, an authorized officer must sign.]~~

~~[(iv) If the applicant is a limited liability company, an authorized member or manager must sign.]~~

~~[(v) If the applicant is a trust or estate, the trustee or executor, as appropriate, must sign.]~~

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

~~[(A) Fingerprints.]~~

~~[(i) For all persons meeting the definition of "principal party" as defined in §89.301 of this title, a complete set of legible fingerprints must be provided. All fingerprints should be submitted in a format prescribed by the OCCC and approved by the~~

~~Texas Department of Public Safety and the Federal Bureau of Investigation.]~~

~~[(ii) For limited partnerships, if the owners and principal parties under paragraph (1)(A)(iv)(III)(a) of this section does not produce a natural person, the applicant must provide a complete set of legible fingerprints for individuals who are associated with the general partner as principal parties.]~~

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

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

~~[(v) For individuals who have previously submitted fingerprints to another state agency (e.g., Texas Department of Savings and Mortgage Lending), fingerprints~~

~~are still required to be submitted to the OCCC, as per Texas Finance Code, §14.152. Fingerprints cannot be disclosed to others, except as authorized by Texas Government Code, §560.002.]~~

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

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

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

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

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

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

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

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

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

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

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

~~[(VI) if requested, a certificate of good standing from the Texas Comptroller of Public Accounts.]~~

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

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

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

~~[(II) a certification from the secretary of the company identifying the~~

~~current officers and directors as listed in the owners and principal parties section of the application for license form;]~~

~~[(III) if the registered agent is not the same as the one on file with the Office of the Texas Secretary of State, a certification from the secretary of the company identifying the registered agent;]~~

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

~~[(V) if requested, a copy of the minutes of company meetings that record the election of all current officers and directors as listed in the owners and principal parties section of the application for license form;]~~

~~[(VI) if requested, a certificate of good standing from the Texas Comptroller of Public Accounts.]~~

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

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

~~[(vii) Foreign entities. In addition to the items required by this section, a foreign entity must provide a certificate of authority to do business in Texas, if applicable.]~~

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

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

~~[(D) Financial statement and supporting financial information:]~~

~~[(i) All entity types. The financial statement must be dated no earlier than 90 days prior to the date of application. Applicants may also submit audited financial statements dated within one year prior to the application date in lieu of completing the supporting financial information. All financial statements must be certified as true, correct, and complete, and must comply with generally accepted accounting principles (GAAP).]~~

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

~~[(iii) Partnerships. A balance sheet for the partnership itself as well as each general partner must be submitted. In addition, the information requested in the supporting financial information must be submitted for the partnership itself and each general partner. All of the balance sheets and supporting financial information documents~~

~~for the partnership and all general partners must be as of the same date.]~~

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

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

~~[(E) Assumed name certificates. For any applicant that does business under an "assumed name" as that term is defined in Texas Business and Commerce Code, §71.002, an assumed name certificate must be filed as provided in this subparagraph.]~~

~~[(i) ——— Unincorporated applicants. Unincorporated applicants using or planning to use an assumed name must file an assumed name certificate with the county clerk of the county where the proposed business is located in compliance with Texas Business and Commerce Code, Chapter 71,~~

~~as amended. An applicant must provide a copy of the assumed name certificate that shows the filing stamp of the county clerk or, alternatively, a certified copy.]~~

~~[(ii) Incorporated applicants. Incorporated applicants using or planning to use an assumed name must file an assumed name certificate in compliance with Texas Business and Commerce Code, Chapter 71, as amended. Evidence of the filing bearing the filing stamp of the Office of the Texas Secretary of State must be submitted or, alternatively, a certified copy.]~~

~~[(F) Bond. The commissioner may require a bond under Texas Finance Code, §351.102 when the commissioner finds that it would serve the public interest. When a bond is required, the commissioner will give written notice to the applicant. Should a bond not be submitted within 40 calendar days of the date of the commissioner's notice, any pending application may be denied.]~~

~~[(3) Subsequent applications (branch offices). If the applicant is currently licensed and filing an application for a new office, the applicant must provide the information that is unique to the new location, including the application for license, disclosure questions, owners and principal parties, and a new financial statement as provided in paragraph (2)(D) of this section. The person responsible for the day-to-day operations of the applicant's proposed new location must file a personal affidavit, personal questionnaire, and employment history, if not previously filed. Other information required by this section need not be filed if the information on file with the OCCC is current and valid.]~~

(b) Company license application. A company license application will include the

following information and any other information listed in the OCCC's written instructions:

(1) A company form including the name of the applicant entity, contact information, registered agent, location of books and records, bank account information, legal status, and responses to disclosure questions.

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

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

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

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

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

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

(8) Any assumed names or other trade names that the applicant will use, and an assumed name certificate for each assumed name or other trade name.

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

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

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

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

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

(c) Branch license application. A branch license application will include the following information and any other information listed in the OCCC's written instructions:

(1) A branch form including the address of the branch, contact details, and business activities.

(2) Any assumed name or other trade name that the applicant will use, and an assumed name certificate for each assumed name or other trade name.

(3) A financial statement and supporting financial information, as described by subsection (b)(10) of this section.

(4) For a license application involving a transfer of ownership, documentation of the transfer of ownership as described by §89.303 of this title

(d) Supplemental information. The OCCC may require additional, clarifying, or supplemental information or documentation as necessary or appropriate to determine that an applicant meets the licensing requirements of Texas Finance Code, Chapter 351.

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

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

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

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

(1) License transfer--A sale, assignment, or transfer of a property tax lender license.

(2) Permission to operate--A temporary authorization from the OCCC, allowing a transferee to operate under a transferor's license while final approval is pending for a license transfer application or a new license application on transfer of ownership.

(3) Transfer of ownership--Any purchase or acquisition of control of a licensed entity (including acquisition by gift,

devise, or descent), or a substantial portion of a licensed entity's assets, where a substantial change in management or control of the business occurs. The term does not include a change in proportionate ownership that results in the exact same owners still owning the business, unless an owner that previously held less than 10% obtains an interest of 10% or more [as defined in §89.304 of this title (relating to Change in Form or Proportionate Ownership)]. Transfer of ownership includes the following:

(A) an existing owner of a sole proprietorship relinquishes that owner's entire interest in a license or an entirely new entity has obtained an ownership interest in a sole proprietorship license;

~~[(B) any purchase or acquisition of control of a licensed general partnership, in which a partner relinquishes that owner's entire interest or a new general partner obtains an ownership interest;]~~

~~[(C) any change in ownership of a licensed limited partnership interest in which:]~~

~~[(i) a limited partner owning 10% or more relinquishes that owner's entire interest;]~~

~~[(ii) a new limited partner obtains an ownership interest of 10% or more;]~~

~~[(iii) a general partner relinquishes that owner's entire interest; or]~~

~~[(iv) a new general partner obtains an ownership interest (transfer of ownership occurs regardless of the percentage of ownership exchanged of the general partner);]~~

~~[(D) any change in ownership of a licensed corporation in which:]~~

~~[(i) a new stockholder obtains 10% or more of the outstanding voting stock in a privately held corporation;]~~

~~[(ii) an existing stockholder owning 10% or more relinquishes that owner's entire interest in a privately held corporation;]~~

~~[(iii) any purchase or acquisition of control of 51% or more of a company that is the parent or controlling stockholder of a licensed privately held corporation occurs; or]~~

~~[(iv) any stock ownership changes that result in a change of control (i.e., 51% or more) for a licensed publicly held corporation occur;]~~

~~[(E) any change in the membership interest of a licensed limited liability company:]~~

~~[(i) in which a new member obtains an ownership interest of 10% or more;]~~

~~[(ii) in which an existing member owning 10% or more relinquishes that member's entire interest; or]~~

~~[(iii) in which a purchase or acquisition of control of 51% or more of any company that is the parent or controlling member of a licensed limited liability company occurs;]~~

~~(B) [(F)] any transfer of a substantial portion of the assets of a licensed~~

entity under which a new entity controls business at a licensed location ; and

(C) ~~[(G)]~~ any other purchase or acquisition of control of a licensed entity, or a substantial portion of a licensed entity's assets, where a substantial change in management or control of the business occurs.

(4) Transferee--The entity that controls business at a licensed location after a transfer of ownership.

(5) Transferor--The licensed entity that controls business at a licensed location before a transfer of ownership.

(c) License transfer approval. No property tax lender license may be sold, transferred, or assigned without the written approval of the OCCC, as provided by Texas Finance Code, §351.163. To transfer a license, a transferor may request surrender of its license after the OCCC approves the transferee's new license application on transfer of ownership. A license transfer is complete [approved] when the OCCC has approved the transferee's new license application and the transferor's license surrender [issues its final written approval of a license transfer application].

(d) Timing. No later than 30 days after the event of a transfer of ownership, the transferee must file a complete ~~[license transfer application or]~~ new license application on transfer of ownership in accordance with subsection (e). A transferee may file an application before this date.

(e) Application requirements.

(1) Generally. This subsection describes the application requirements for [a

~~license transfer application or]~~ a new license application on transfer of ownership. A transferee must submit the application in a format prescribed by the OCCC. The OCCC may accept prescribed alternative formats to facilitate multistate uniformity of applications or in order to accept approved electronic submissions. The transferee must pay appropriate fees in connection with the application.

(2) Documentation of transfer of ownership. The application must include documentation evidencing the transfer of ownership. The documentation should include one or more of the following:

(A) a copy of the asset purchase agreement when only the assets have been purchased;

(B) a copy of the purchase agreement or other evidence relating to the acquisition of the equity interest of a licensee that has been purchased or otherwise acquired;

(C) any document that transferred ownership by gift, devise, or descent, such as a probated will or a court order; or

(D) any other documentation evidencing the transfer event.

(3) Application information for new licensee. If the transferee does not hold a property tax lender license at the time of the application, then the application must include the information required for new license applications under §89.302 of this title (relating to Filing of New Application). The instructions in §89.302 of this title apply to these filings.

(4) Application information for transferee that holds a license. If the transferee holds a property tax lender license at the time of the application, then the application must include amendments to the transferee's original license application describing the information that is unique to the transfer event, including disclosure questions, key individuals [~~owners and principal parties~~], and a new financial statement, as provided in §89.302 of this title. The instructions in §89.302 of this title apply to these filings. The responsible person at the new location must file a personal affidavit, personal questionnaire, and employment history, if not previously filed. Other information required by §89.302 of this title need not be filed if the information on file with the OCCC is current and valid.

(5) Request for permission to operate. The application may include a request for permission to operate. The request must be in writing and signed by the transferor and transferee. The request must include all of the following:

(A) a statement by the transferor granting authority to the transferee to operate under the transferor's license while final approval of the application is pending;

(B) an acknowledgement that the transferor and transferee each accept responsibility to any consumer and to the OCCC for any acts performed under the license while the permission to operate is in effect; and

(C) if the application is a new license application on transfer of ownership, an acknowledgement that the transferor will immediately surrender or inactivate its license if the OCCC approves the application.

(f) Permission to operate. If the application described by subsection (e) includes a request for permission to operate and all required information, and the transferee has paid all fees required for the application, then the OCCC may issue a permission to operate to the transferee. A request for permission to operate may be denied even if the application contains all of the required information. The denial of a request for permission to operate does not create a right to a hearing. If the OCCC grants a permission to operate, the transferor must cease operating under the authority of the license. Two companies may not simultaneously operate under a single license. A permission to operate terminates if the OCCC denies an application described by subsection (e).

(g) Transferee's authority to engage in business. If a transferee has filed a complete application including a request for permission to operate as described by subsection (e), by the deadline described by subsection (d), then the transferee may engage in business as a property tax lender. However, the transferee must immediately cease doing business if the OCCC denies the request for permission to operate or denies the application. If the OCCC denies the application, then the transferee has a right to a hearing on the denial, as provided by §89.307(d) of this title (relating to Processing of Application).

(h) Responsibility.

(1) Responsibility of transferor. Before the transferee begins performing property tax lending activity under a license, the transferor is responsible to any consumer and to the OCCC for all property tax lending activity performed under the license.

(2) Responsibility of transferor and transferee. If a transferee begins performing property tax lending activity under a license before the OCCC's final approval of an application described by subsection (e), then the transferor and transferee are each responsible to any consumer and to the OCCC for activity performed under the license during this period.

(3) Responsibility of transferee. After the OCCC's final approval of an application described by subsection (e) of this section, the transferee is responsible to any consumer and to the OCCC for all property tax lending activity performed under the license. The transferee is responsible for any transactions that it purchases from the transferor. In addition, if the transferee receives a license transfer, then the transferee's responsibility includes all activity performed under the license before the license transfer.

[§89.304. Change in Form or Proportionate Ownership]

~~[(a) Organizational form. When any licensee or parent of a licensee desires to change the organizational form of its business (e.g., from corporation to limited partnership), the licensee must advise the commissioner in writing of the change within 14 calendar days by filing a license amendment and paying the required fees as provided in §89.310 of this title (relating to Fees). In addition, the licensee must submit a copy of the relevant portions of the organizational document for the new entity (e.g., articles of conversion and partnership agreement) addressing the ownership and management of the new entity.]~~

~~[(b) Merger.]~~

~~[(1) If a licensee is a party to a merger that results in a new or different surviving entity other than the licensee, then the merger is a transfer of ownership, and the licensee must file a license transfer application or a new license application on transfer of ownership pursuant to §89.303 of this title (relating to Transfer of License; New License Application on Transfer of Ownership).]~~

~~[(2) If a licensee's parent entity is a party to a merger that leads to the creation of a new entity or results in a different surviving parent entity, the licensee must advise the OCCC of the change in writing within 14 calendar days after the change, by filing a license amendment and paying the required fees as provided in §89.310. Mergers or transfers of other entities with a beneficial interest beyond the parent entity level only require notification within 14 calendar days in accordance with the OCCC's instructions.]~~

~~[(c) Proportionate ownership.]~~

~~[(1) A change in proportionate ownership that results in the exact same owners still owning the business, and does not meet the requirements described in paragraph (2) of this subsection, does not require a transfer. Such a proportionate change in ownership does not require the filing of a transfer application, but does require notification when the cumulative ownership change to a single entity or individual amounts to 10% or greater. No later than 14 calendar days following the actual change, the licensee is required to notify the OCCC in writing of the change in proportionate ownership by filing a license amendment and paying the required fees as provided in §89.310 of this title. This subsection does not apply to a publicly held corporation that has filed with the OCCC the most recent 10K or 10Q filing of the licensee]~~

~~or the publicly held parent corporation, although a license transfer application or a new license application on transfer of ownership may be required under §89.303 of this title.]~~

~~[(2) A proportionate change in which an owner that previously held under 10% obtains an ownership interest of 10% or more, requires a license transfer application or a new license application on transfer for ownership under §89.303 of this title.]~~

~~[§89.305. *Amendments to Pending Application*]~~

~~[Upon request, each applicant must provide information supplemental to that contained in the applicant's original application documents.]~~

~~§89.306. *Required Notifications* [*Updating Application and Contact Information*]~~

~~(a) Advance change notice. No later than the date of the change (or an earlier date specified in the OCCC's written instructions), a licensee must notify the OCCC of a change to any of the following information provided in the original license application: [Applicant's updates to license application information. Before a license application is approved, an applicant must report to the OCCC any information that would require a materially different answer than that given in the original license application and that relates to the qualifications for license within 14 calendar days after the person has knowledge of the information.]~~

(1) legal name of entity;

(2) any assumed names of entity;

(3) legal status of entity (e.g., change in organizational form from partnership to corporation); or

(4) names of direct owners or indirect owners;

(5) names of affiliates or subsidiaries;

(6) names of any key individuals;

(7) main address; or

(8) address of any branch location.

~~(b) Other required notifications. No later than 30 days after the licensee has knowledge of the information, a licensee must report the following information to the OCCC: [Licensee's updates to license application information. A licensee must report to the OCCC any information that would require a different answer than that given in the original license application within 30 calendar days after the licensee has knowledge of the information, if the information relates to any of the following:]~~

~~(1) any civil or regulatory actions against the licensee or key individuals that were not disclosed in the original application and would require a different answer than that given in the original license application [the names of principal parties];~~

~~(2) criminal history of the licensee or key individuals that was not disclosed in the original application;~~

~~(3) any bankruptcy of the licensee or a direct owner [actions by regulatory agencies]; or~~

~~(4) any breach of system security under Texas Business & Commerce Code,~~

§521.053, affecting at least 250 residents of this state [court judgments].

(c) Contact information. Each applicant or licensee is responsible for ensuring that all contact information on file with the OCCC is current and correct, including all mailing addresses, all phone numbers, and all email [e-mail] addresses. The OCCC may send notices to the mailing address or email address on file. It is a best practice for licensees to regularly review contact information on file with the OCCC to ensure that it is current and correct.

§89.307. Processing of Application

(a) Initial review. A response to an incomplete application will ordinarily be made within 14 calendar days of receipt stating that the application is incomplete and specifying the information required for acceptance.

(b) Complete application. An application is complete when:

(1) it conforms to the rules and published instructions;

(2) all fees have been paid; and

(3) all requests for additional information have been satisfied.

(c) Failure to complete application and deemed withdrawal. If a complete application has not been filed within 30 calendar days after notice of deficiency has been sent to the applicant, the application may be considered withdrawn [denied].

(d) Notice of intent to deny application. If an applicant files a complete license application but the OCCC does not find that

the eligibility requirements for a license have been met, then the OCCC will send a notice of intent to deny the license application to the applicant.

(e) [(d)] Hearing. An [Whenever an application is denied, the] affected applicant has 30 calendar days from the date of the notice of intent to deny the license application [the application was denied] to request in writing a hearing to contest the denial. This hearing will be conducted pursuant to the Administrative Procedure Act, Texas Government Code, Chapter 2001, and the rules of procedure applicable under §9.1(a) of this title (relating to Application, Construction, and Definitions), before an administrative law judge who will recommend a decision to the commissioner. The commissioner will then issue a final decision after review of the recommended decision.

[(e) Denial. If an application has been denied, the assessment fee will be refunded to the applicant. The investigation fee and the fingerprint processing fee in §89.310 of this title (relating to Fees) will be forfeited.]

(f) Processing time.

(1) A license application will ordinarily be approved or denied within [a maximum of] 60 calendar days after the date of filing of a completed application.

(2) When a hearing is requested following an initial license application denial, the hearing will ordinarily be scheduled for a date [held] within 60 calendar days after a request for a hearing is made, unless the parties agree to an extension of time. A final decision approving or denying the license application will be made after

receipt of the proposal for decision from the administrative law judge.

(3) Exceptions. More time may be taken where good cause exists, as defined by Texas Government Code, §2005.004, for exceeding the established time periods in paragraphs (1) and (2) of this subsection.

§89.308. Notice to Debtors of Relocation of Licensed Offices

~~[(a) Notice to commissioner. A licensee may move the licensed office from the licensed location to any other location by paying the appropriate fees and giving notice of intended relocation to the commissioner not less than 30 calendar days prior to the anticipated moving date. Notification must be provided by filing a license amendment or an approved electronic submission as prescribed by the commissioner. The notice must include the contemplated new address of the licensed office, the approximate date of relocation, a copy of the notice to debtors, and the applicable fee as outlined in §89.310 of this title (relating to Fees).]~~

~~[(b) Notice to debtors.]~~ Written notice of a relocation of an office must be mailed to all debtors of record at least five calendar days prior to the date of relocation. A licensee may send notice to a debtor by email in lieu of mail if the debtor has provided an email address to the licensee and has consented in writing to be contacted at the email address. Any licensee failing to give the required notice must waive all default charges on payments coming due from the date of relocation to 15 calendar days subsequent to the mailing of notices to debtors. Notices must identify the licensee, provide both old and new addresses, provide both old and new telephone numbers, and state the date relocation is effective. The notice to debtors

can be waived or modified by the commissioner when it is in the public interest. A request for waiver or modification must be submitted in writing for approval. The commissioner may approve notification to debtors by signs in lieu of notification by mail, if in the commissioner's opinion, no debtors will be adversely affected.

§89.309. License Inactivation or Voluntary Surrender

(a) Inactivation of active license. A licensee may cease operating under a license and choose to inactivate the license. A license may be inactivated by giving notice of the cessation of operations not less than 30 calendar days prior to the anticipated inactivation date. Notification must be provided by filing a license amendment or an approved electronic submission as prescribed by the OCCC. The notice must include the new mailing address for the license, the effective date of the inactivation, and the fee for amending the license. A licensee must continue to pay the yearly renewal fees for an inactive license as outlined in §89.310 of this title (relating to Fees), or the license will expire as described by §89.403 of this title (relating to License Term, Renewal, and Expiration).

(b) Activation of inactive license. A licensee may activate an inactive license by giving notice of the intended activation not less than 30 calendar days prior to the anticipated activation date. Notification must be provided by filing a license amendment or an approved electronic submission as prescribed by the OCCC. The notice must include the contemplated new address of the licensed office, the approximate date of activation, and the fee for amending the license as outlined in §89.310 of this title.

(c) Voluntary surrender of license. Subject to §89.407(b) of this title (relating to Effect of Revocation, Suspension, or Surrender of License), a licensee may request voluntary [voluntarily]-surrender of a license by providing the information required by the OCCC's written instructions [written notice of the cessation of operations, a request to surrender the license, and by submitting the license certificate]. A surrender is effective when the OCCC approves the surrender. A voluntary surrender will result in cancellation of the license.

§89.311. Applications and Notices as Public Records

Once a license application or notice is filed with the OCCC, it becomes a "state record" under Texas Government Code, §441.180(11), and "public information" under Government Code, §552.002. Under Government Code, §§441.190, 441.191 and 552.004, the original applications and notices must be preserved as "state records" and "public information" unless destroyed with the approval of the director and librarian of the State Archives and Library Commission under Government Code, §441.187. ~~[Under Government Code, §441.191, the OCCC may not return any original documents associated with a property tax lender license application or notice to the applicant or licensee.]~~ An individual may request copies of a state record under the authority of the Texas Public Information Act, Government Code, Chapter 552.

[§89.402. License Display]

~~[Licenses must be prominently displayed in a licensee's office in a conspicuous location visible to the general public.]~~

§89.403. License Term, Renewal, and Expiration

(a) License term and renewal. A new license is effective from the date of its issuance until December 31. A license must be renewed annually to remain effective. After renewal, a license is effective for a term of one year, from January 1 to December 31.

(b) NMLS. To maintain and renew a license, a licensee must maintain an active account in NMLS (or a successor system designated by the OCCC). The OCCC may make renewal unavailable to a licensee that fails to maintain an active account.

(c) ~~[(b)]~~ Due date for annual assessment fee. The annual assessment fee is due by December 1 of each year.

(d) ~~[(c)]~~ Notice of delinquency. If a licensee does not pay the annual assessment fee, the OCCC will send a notice of delinquency. Notice of delinquency is given when the OCCC sends the notice electronically through NMLS or by email to the primary company contact. [:]

~~[(1) by mail to the address on file with the OCCC as a master file address; or]~~

~~[(2) by e-mail to the address on file with the OCCC as a master file e-mail address, if the licensee has provided a master file e-mail address.]~~

(e) ~~[(d)]~~ Expiration. If a licensee does not pay the annual assessment fee, the license will expire on the later of:

(1) December 31 of each year; or

(2) the 16th day after notice of delinquency is given under subsection (c) of this section.

(f) ~~(e)~~ Reinstatement. As provided by Texas Finance Code, §349.301 and §349.303(a), if a license was in good standing when it expired, a person may reinstate the expired license not later than the 180th day after its expiration date by paying the annual assessment fee and a \$1,000 late filing fee.

§89.405. Denial, Suspension, or Revocation Based on Criminal History

(a) Criminal history record information. After an applicant submits a complete license application, including all required fingerprints, and pays the fees required by §89.310 of this title (relating to Fees), the OCCC will investigate the applicant and its key individuals ~~[principal parties]~~. The OCCC will obtain criminal history record information through NMLS ~~[from the Texas Department of Public Safety and the Federal Bureau of Investigation based on the applicant's fingerprint submission]~~. The OCCC will continue to receive information on new criminal activity reported after the license application has ~~[fingerprints have]~~ been initially processed.

(b) Disclosure of criminal history. The applicant must disclose all criminal history information required to file a complete application with the OCCC. Failure to provide any information required as part of the application or requested by the OCCC reflects negatively on the belief that the business will be operated lawfully and fairly. The OCCC may request additional criminal history information from the applicant, including the following:

(1) information about arrests, charges, indictments, and convictions of the applicant and its key individuals ~~[principal parties]~~;

(2) reliable documents or testimony necessary to make a determination under subsection (c) of this section, including letters of recommendation from prosecution, law enforcement, and correctional authorities;

(3) proof that the applicant has maintained a record of steady employment, has supported the applicant's dependents, and has otherwise maintained a record of good conduct; and

(4) proof that all outstanding court costs, supervision fees, fines, and restitution as may have been ordered have been paid or are current.

(c) (No change.)

(d) Crimes related to character and fitness. The OCCC may deny a license application if the OCCC does not find that the financial responsibility, experience, character, and general fitness of the applicant are sufficient to command the confidence of the public and warrant the belief that the business will be operated lawfully and fairly, as provided by Texas Finance Code, §351.104(a)(1). In conducting its review of character and fitness, the OCCC will consider the criminal history of the applicant and its key individuals ~~[principal parties]~~. If the applicant or a key individual ~~[principal party]~~ has been convicted of an offense described by subsections (c)(1) or (f)(1) of this section, this reflects negatively on an applicant's character and fitness. The OCCC may deny a license application based on other criminal history of the applicant or its key individuals

~~[principal parties]~~ if, when the application is considered as a whole, the agency does not find that the financial responsibility, experience, character, and general fitness of the applicant are sufficient to command the confidence of the public and warrant the belief that the business will be operated lawfully and fairly. The OCCC will, however, consider the factors identified in subsection (c)(2) and (3) of this section in its review of character and fitness.

(e) - (f) (No change.)

Subchapter H. Payoff Statements

§89.806. Payoff Request from Borrower

(a) Generally. A borrower has a right to pay off a property tax loan early, consistent with the prohibition on prepayment penalties in Texas Tax Code, § 32.065(d), and Texas Finance Code, §343.205 and §351.0021(a)(9). A property tax lender may not "lock out" a borrower or prevent a borrower from paying off the loan early. The borrower's right to pay off the loan early includes the right to authorize another person to pay off the property tax loan.

(b) Payoff request process. If a property tax lender obtains a borrower's authorization to pay off a property tax loan held by an existing property tax lender, then the parties should take these steps.

(1) The authorized property tax lender should obtain a signed written statement from the borrower authorizing the lender to pay off the property tax loan. If the signature is electronic, then the lender must maintain a certificate of authenticity or other proof of the signature in accordance with standards for electronic signatures.

(2) The authorized property tax lender should send a request for a payoff statement to the existing property tax lender. The request should include the borrower's signed authorization, and should include the certificate of authenticity or other proof of the signature. The request should include the borrower's name, the authorized person's name, a description of the property, and reasonable instructions for where to send the payoff statement.

(3) If the request includes the information necessary to complete a payoff statement, then the existing property tax lender should respond with a payoff statement to the authorized property tax lender within seven business days after the existing property tax lender receives the complete request. The payoff statement should include accurate payoff information, and the borrower and the authorized lender should be able to rely on it for a reasonable period of time. The payoff statement should include reasonable instructions for paying off the property tax loan. If the authorized property tax lender's request does not include the information described by paragraph (2) of this subsection, then the existing property tax lender should notify the authorized property tax lender of the deficiency within a reasonable period of time.

(4) The authorized property tax lender may pay off the existing property tax loan as described in the payoff statement.

(5) Once the property tax lender has received the payoff amount, the property tax lender must promptly assign the property tax loan to the authorized person or release the property tax lender's lien on the property.

Certification

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

Issued in Austin, Texas on December 12, 2025.

Matthew J. Nance
General Counsel
Office of Consumer Credit Commissioner

OFFICIAL COMMENT ON AMENDMENTS TO 7 TAC CHAPTER 89

From Texas Property Tax Lienholders Association



Texas Property Tax Lienholders Association

December 1, 2025

Sent Via E-mail

Office of Consumer Credit Commissioner

rule.comments@occc.texas.gov

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

Formal Comments on Proposed Rule Amendments to 7 TAC Chapter 89
Submitted by the Texas Property Tax Lienholders Association (TPTLA)

Introduction

The Texas Property Tax Lienholders Association (TPTLA) respectfully submits the following formal comments to the Finance Commission of Texas and the Office of Consumer Credit Commissioner (OCCC) regarding the proposed amendments to 7 TAC Chapter 89.

The TPTLA represents approximately 90 percent of all licensed property tax lenders operating in Texas. For more than 15 years, our members have maintained a consistent record of compliance, strong consumer protection standards, and constructive collaboration with the OCCC.

The association was established to promote ethical lending practices, uphold the highest operational standards, and ensure the property tax lending industry continues to serve Texans fairly and transparently. The TPTLA also wishes to express sincere appreciation to the OCCC and Commissioner Pettijohn for their continued leadership and commitment to maintaining a healthy, compliant, and consumer-focused property tax lending industry.

Support for the Current System

The current payoff system among property tax lenders is working effectively. Our shared goal is to ensure that borrowers experience a smooth, transparent, and accurate payoff process.

Among TPTLA's membership, which comprises the vast majority of the licensed industry, there have been very few complaints related to payoff procedures. Our compliance record demonstrates strong OCCC audit results, minimal consumer issues, and consistent adherence to statutory requirements.

As an association, we support clarifying rules where necessary, but we believe the existing regulatory framework already functions well for borrowers. The proposed revisions to **§ 89.806** simply refine and codify best practices already followed by responsible lenders.

We offer these comments specifically in response to the proposed amendments to **Subchapter H, Payoff Statements (§ 89.806)**. We believe these clarifications are essential to maintaining borrower confidence, regulatory consistency, and the operational integrity of our industry.

While the TPTLA strongly supports revisions that enhance borrower protection, increase transparency, and strengthen verification standards, we respectfully oppose any proposals that are duplicative, unnecessary, or based on inaccurate characterizations of the existing regulatory framework.

The TPTLA appreciates the ongoing efforts of the OCCC and the Finance Commission to maintain a balanced, well-regulated industry that safeguards consumers while ensuring operational practicality for lenders.

The Proposed Rule

The TPTLA generally supports the OCC's proposed revisions to **Subchapter H, Payoff Statements (§ 89.806)**. We respectfully propose several minor clarifications that will further strengthen the rule and provide additional clarity for both lenders and consumers.

After careful review, we recommend two primary clarifications that reflect industry-standard best practices:

1. Proof of Electronic Authorization

We recommend that proof of authorization include a certificate of authenticity containing:

- Signer's name
- IP address
- Email address
- Date and time of signing

This standard is already available in every mainstream e-signature platform, including DocuSign, Adobe Sign, and HelloSign, making it both practical and verifiable.

Requiring these data points protects both borrowers and lenders from fraud or unauthorized releases. It establishes a clear audit trail and ensures that payoff authorizations are legitimate, secure, and consistent with federal and state data-protection requirements.

2. Defined Seven-Business-Day Response Time

We support clarifying the term "reasonable time" for providing payoff statements as seven business days, which aligns with industry norms and federal mortgage standards under **12 C.F.R. § 1026.36(c)(3) (Regulation Z)**.

This timeframe strikes a balance between consumer protection and operational practicality—allowing lenders to coordinate with third-party servicers, collection firms, and county offices that must verify balances, accrued interest, and fees before issuing a final payoff.

The seven-business-day standard preserves accuracy while ensuring borrowers receive timely, reliable responses.

The Problem We Face

Recently, a compliance issue has emerged involving a company in our industry that uses an e-signature platform, Hipaalyzer, which conceals critical borrower identifiers such as their email address.

This platform is designed for HIPAA compliance and the protection of Protected Health Information (PHI)—standards that do not apply to property tax lending. Because our transactions do not involve PHI, the use of this system is misaligned with financial verification needs and obstructs lenders from confirming the borrower's authorization.

This creates serious compliance and consumer-protection concerns:

- Without access to signer verification data, the lender receiving the payoff request cannot confirm that the borrower truly authorized the release.
- In practice, any party - even the paying lender - could sign the form, leaving no way to confirm authenticity.
- This practice undermines legal compliance, weakens borrower protection, and exposes the process to potential fraud.

Several TPTLA members have even offered to cover the cost of a DocuSign account for the company in question to ensure proper verification, but those offers were declined. This underscores the need for a uniform rule requiring standardized e-signature certificates across all lenders.

Why This Matters

Protecting Consumers and Preventing Fraud

Requiring a certificate of authenticity ensures that payoff authorizations originate from the borrower and that each request can be fully verified during an audit or dispute.

Aligning with Federal Data-Security Standards

This requirement harmonizes Texas rules with the **FTC Safeguards Rule (16 C.F.R. Part 314)**, which obligates financial institutions to maintain systems that protect consumer data and prevent unauthorized access. Providing payoff statements without verifiable authorization would contradict the purpose of those safeguards.

Defining a Standard Payoff Response Time

Replacing the ambiguous “reasonable time” language with a defined seven-business-day timeframe aligns property tax lending with federal mortgage-servicing standards, offering fairness, predictability, and consistency across financial services.

Improving Transparency and Accountability

These updates will allow the OCCC to more easily audit and enforce compliance. They create objective, measurable standards for both signature verification and payoff delivery.

Maintaining a Proven Record of Compliance

The TPTLA’s members—representing the majority of the licensed industry—have maintained clean OCCC audits and minimal consumer complaints for over a decade. These amendments simply codify what responsible lenders are already doing voluntarily.

Connection to the FTC Safeguards Rule

We also note that the OCCC’s proposed revisions to **§ 89.207** reference the **FTC Safeguards Rule (16 C.F.R. Part 314)**. Providing a payoff without the ability to verify the signer’s identity contradicts the spirit of those safeguards. By incorporating a certificate-of-authenticity requirement under **§ 89.806**, the Commission will strengthen consumer protections, enhance data integrity, and ensure Texas property tax lenders remain fully aligned with federal privacy and security expectations.

Conclusion

The proposed amendments to **§ 89.806** represent a simple yet essential improvement that will:

- Ensure every payoff request originates from the borrower;
- Align Texas rules with federal data-security and mortgage-servicing standards;
- Provide clear, enforceable timelines for consumers and lenders; and
- Strengthen confidence in Texas’s well-regulated property tax lending market.

The Texas Property Tax Lienholders Association and its members fully support adoption of these amendments as drafted and respectfully urge the Finance Commission of Texas to recommend their approval.

These small but meaningful clarifications ensures that payoff requests come directly from the consumer, protects borrowers, strengthens compliance, and preserves the integrity of our industry.

Proposed Amendments to rule language below:

Subchapter H.

Payoff Statements §89.806.

Payoff Request from Borrower

(a) ~~Generally~~. A borrower has a right to pay off a property tax loan early, ~~consistent with the prohibition on prepayment penalties in Texas Tax Code, § 32.065(d), and Texas Finance Code, §343.205 and §351.0021(a)(9). A property tax lender may not "lock-out" a borrower or prevent a borrower from paying off the loan early.~~ The borrower's right to pay off the loan early includes the right to authorize another person or company to pay off the property tax loan.

(b) Payoff request process. If a property tax lender obtains a borrower's authorization to pay off a property tax loan held by an existing property tax lender, then the parties should take these steps.

(1) The authorized property tax lender should obtain a signed written statement from the borrower authorizing the lender to pay off the property tax loan. If the signature is electronic, then the lender must maintain proof of the signature in accordance with standards for electronic signatures. This proof must include a certificate of authenticity that contains the signer's name, IP address, email address, and the date and time of signing.

(2) The authorized property tax lender should send a request for a payoff statement to the existing property tax lender. The request should include the borrower's statement and a certificate of authenticity accompanying proof of any electronic signature. The request should include the borrower's name, the authorized person's name, a description of the property, and reasonable instructions for where to send the payoff statement.

(3) If the request includes the information necessary to complete a payoff statement, then the existing property tax lender should respond with a payoff statement to the authorized property tax lender within seven business days ~~a reasonable period of time~~. The payoff statement should include accurate payoff information, and the borrower and the authorized lender should be able to rely on it for a reasonable period of time. The payoff statement should include reasonable instructions for paying off the property tax loan. If the authorized property tax lender's request does not include the information described by paragraph (2) of this subsection, then the existing property tax lender should notify the authorized property tax lender of the deficiency within a reasonable period of time.

(4) The authorized property tax lender may pay off the existing property tax loan as described in the payoff statement.

(5) Once the property tax lender has received the payoff amount, the property tax lender must promptly assign the property tax loan to the authorized person or release the property tax lender's lien on the property.

The Texas Property Tax Lienholders Association (TPTLA), submits this formal response to the October 7, 2025 comments filed by Panacea Lending, LLC Sent Via E-mail

To the Office of Consumer Credit Commissioner (rule.comments@occc.texas.gov)

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

While we appreciate any stakeholder engagement in the rulemaking process, Panacea's submission (pertaining to the proposed amendments to § 89.806) contains numerous factual inaccuracies, unsupported claims, and mischaracterizations of both the OCCC's rulemaking authority and current industry practices. The statements therein do not reflect the reality of how this well-regulated industry operates, nor the extensive consumer protections already embedded in Texas law and OCCC rules.

II. Response to Key Misstatements

1. "Continuing Harm Through Incomplete Rules"

Panacea claims that lenders "delay, deny, or obstruct" payoff requests and that the OCCC's revisions "fail to correct the problem."

This assertion is unsubstantiated.

- **Fact:** OCCC audits show minimal consumer complaints related to payoff requests among licensed property tax lenders. TPTLA members have never received OCCC enforcement actions or findings of noncompliance on this issue.
- **Reality:** The current framework under **7 TAC §89.806** already requires lenders to provide payoff statements within a "reasonable time," which the OCCC has consistently interpreted and enforced as a **seven-business-day standard**.
- **Contrary to Panacea's claim**, this standard aligns with **federal mortgage law (12 C.F.R. §1026.36(c)(3))**, ensuring both timeliness and accuracy.

Panacea's proposal to shorten the timeframe to three days disregards operational realities - particularly the need for lenders to obtain payoff confirmation from **third-party collection attorneys** in foreclosure or delinquency cases. These attorneys must verify court costs and legal fees before an accurate payoff can be issued. Shortening this timeline would increase payoff errors, not protect consumers.

2. "Privacy and Data Protection"

Panacea asserts that requiring lenders to include a borrower's email address, IP address, or similar identifiers in an e-signature certificate violates the **Gramm-Leach-Bliley Act (GLBA)** and federal privacy standards. This claim is factually incorrect, legally unfounded, and inconsistent with both federal privacy policy and state regulatory findings.

- **This issue has already been thoroughly audited and resolved.**
It has been the subject of a formal OCCC complaint investigation, during which the agency reviewed the practices in question and found no violations of privacy law, Finance Code provisions, or OCCC rules. The OCCC concluded that lenders operating under the proposed e-signature verification framework were acting within the bounds of Texas statutes and applicable federal regulations, and that such verification processes fully comply with lawful business and consumer protection standards.
- **Borrower consent and lender obligations make this disclosure lawful and appropriate.**
The borrowers whose loans are being paid off are current clients of the existing lender. These borrowers voluntarily provided their email address and identifying information during their original loan transaction and explicitly authorized its use in connection with their loan servicing, payoff, or refinancing activities. The lender being paid off already has this information on file, and the sharing or verification of that data

between two licensed lenders - at the borrower's request - does not constitute the disclosure of "nonpublic personal information."

- **Privacy obligations are already well-established and binding.**

The lender receiving the payoff and the lender being paid off are both bound by federal and state privacy laws, as well as their own loan documents, privacy notices, and confidentiality obligations under the Texas Finance Code and GLBA.

This exchange of limited, transaction-specific information falls squarely within the "legitimate business purpose" exemption under GLBA, which permits information sharing necessary to process or complete a consumer's authorized financial transaction.

- **Technical compliance and consumer protection align.**

Every mainstream e-signature platform—DocuSign, Adobe Sign, and HelloSign, among others - already provides the signer's name, IP address, timestamp, and email address as part of their standard certificate of authenticity.

These details serve to verify identity and prevent fraud, ensuring that payoff requests are legitimate and that borrowers' accounts are not released to unauthorized third parties.

In short, requiring a standard certificate of authenticity is not a privacy violation - it is a **best practice** that strengthens compliance, safeguards consumers, and ensures the integrity of borrower authorizations in the payoff process.

3. "E-Signatures and Technology"

Panacea defends its use of the "Hipaalyzer" e-signature platform, claiming it "exceeds" GLBA standards and criticizing others for favoring "brand recognition."

This is misdirection.

- The issue is not the origin of the software - it is transparency. HIPAA-based systems conceal borrower identifiers such as email and IP address, making it impossible for a receiving lender to verify borrower authorization.
- Property tax lending does not involve **Protected Health Information (PHI)**; thus, using a HIPAA-restricted platform is inappropriate and noncompliant with verification standards required in financial transactions.
- Several TPTLA members have even offered to pay for Panacea to use DocuSign or another compliant platform - offers that were declined.

The OCC's proposed rule language - requiring a certificate of authenticity - is a narrowly tailored fix for this problem.

4. "Payoff Authorization Verification and Safe Harbor"

Panacea proposes a "Safe Harbor" where any payoff authorization from a licensed lender is presumed valid.

This idea is legally unsound and anti-consumer.

- It would eliminate essential verification safeguards, allowing any party, even a competitor, to impersonate a borrower.
- This undermines both **Texas Finance Code §351.051** (requiring licensee responsibility for borrower verification) and the **FTC Safeguards Rule**, which mandates verification before releasing private financial data.
- The proposed "Safe Harbor" would reward lax practices and create systemic fraud risk.

By contrast, TPTLA's proposal strengthens accountability: every payoff request must include a verifiable digital signature certificate identifying who signed, when, and from where.

5. “Payoff Timelines and Industry Capacity”

Panacea asserts that lenders “can generate payoffs within hours” and that a seven-day rule is excessive.

This is factually false and operationally naïve.

- Many property tax loans are in default or litigation, requiring coordination with outside law firms and county collection offices to determine accurate balances.
- Federal precedent under **12 C.F.R. §1026.36(c)(3)** explicitly recognizes seven business days as a fair and reasonable timeframe for payoff issuance.
- No OCCC audit or consumer complaint data supports Panacea’s claim of widespread delays.

TPTLA’s seven-day standard is not arbitrary - it reflects both federal norms and real-world processing constraints.

6. “Fairness and Due Process”

Panacea’s allegation that the OCCC “refused to explain” its decision-making process is unsupported and misleading.

The OCCC follows transparent procedures under the **Texas Administrative Procedure Act (Gov’t Code Ch. 2001)**. All rule proposals undergo notice, comment, and review by the Finance Commission before adoption. The agency has never indicated that “rule limits” are secret or arbitrary; rather, it follows established prioritization and feasibility criteria, consistent with standard administrative rulemaking.

III. Broader Observations

Panacea’s pattern of commentary reflects a misunderstanding of regulatory structure and existing consumer protections. Its arguments rely heavily on anecdotal grievances rather than evidence of systemic issues.

The Texas property tax lending industry is already one of the most tightly regulated specialty finance sectors in the nation, with biennial OCCC audits, statutory disclosure requirements, and a strong record of consumer compliance. The reforms proposed by TPTLA—particularly the certificate of authenticity requirement and seven-day payoff standard—enhance accountability, align with federal law, and close the only genuine gap identified by regulators.

IV. Conclusion

The TPTLA urges the Finance Commission of Texas to:

- **Adopt** the OCCC’s proposed amendments to **§89.806**, incorporating TPTLA’s clarifying language on e-signature authenticity and the seven-day response timeframe; and
- **Reject** Panacea’s unsupported claims and alternative proposals, which would weaken consumer protections, conflict with federal privacy and verification standards, and introduce unnecessary regulatory confusion.

Texas’s property tax lending system is working. The proposed clarifications ensure it remains both secure and consumer-friendly - without legitimizing unproven claims or diluting standards that protect Texas homeowners.

TPTLA Support for the OCCC's License & Registration Fee Amendments

The TPTLA supports the OCCC's proposed restructuring of license and registration assessment fees, as outlined in the November 7, 2025 discussion draft. These updates are long overdue - the OCCC's licensing fees have not been comprehensively revised since 2010 - despite substantial increases in regulatory costs related to personnel, technology infrastructure, interagency agreements, and oversight responsibilities. The new framework appropriately shifts more of the assessment burden to higher-volume lenders whose operations require greater regulatory resources, while minimizing the impact on small businesses that conduct lower dollar-volume activity. The structure also maintains the OCCC's long-standing ability to discount fees when revenue exceeds budgeted needs, ensuring that the agency remains self-funded, cost-effective, and transparent. Importantly, the rule introduces a periodic CPI-based adjustment, providing stability and sustainability in future years without requiring repeated rulemakings. TPTLA believes these amendments fairly allocate the costs of regulation, enhance long-term financial stewardship, and support the OCCC's ability to continue functioning as an efficient and effective regulator for the benefit of consumers and industry alike.

In Summary

The **Texas Property Tax Lienholders Association** appreciates the opportunity to provide these formal comments on the proposed amendments to **7 TAC Chapter 89**.

The TPTLA strongly supports the Commission's and the OCCC's ongoing efforts to promote transparency, ensure borrower protection, and preserve the integrity of the property tax lending industry.

We respectfully urge the Commission to:

- **Adopt TPTLA's proposed clarifying amendments** to § 89.806, which codify existing best practices for electronic signatures and payoff timelines;
- **Adopt the OCCC's proposed license and registration fee amendments**, which modernize the assessment structure, ensure fair cost allocation, and support long-term regulatory sustainability; and
- **Decline adoption** of duplicative or unnecessary rule changes that would create confusion, increase compliance costs, or weaken consumer trust in a well-functioning system.

Through collaboration and open dialogue, Texas can continue to lead the nation in maintaining a fair, efficient, and well-regulated property tax lending industry.

Respectfully submitted,



Raymond (Trey) Rome

President

Texas Property Tax Lienholders Association



Texas Property Tax Lienholders Association

December 1, 2025

Sent Via E-mail

Office of Consumer Credit Commissioner

rule.comments@occc.texas.gov

Re: Response to Prior Rule Recommendations Submitted by Panacea Lending

The Texas Property Tax Lienholders Association (TPTLA) submits these comments for the limited purpose of responding to a series of prior rule recommendations made by Panacea Lending that are **not currently part of the Commission's formal rule review**. While we understand that these proposals are not under active consideration in this rulemaking cycle, we believe it is important that the record reflects the perspective of the broader industry and correct several factual and regulatory mischaracterizations contained in Panacea's submissions.

The TPTLA represents approximately 90 percent of all licensed property tax lenders in Texas. Our members have operated for nearly two decades under a comprehensive statutory and regulatory framework that has produced exceptionally low complaint rates, strong OCCC examination results, and a stable, consumer-focused market. By contrast, many of the concerns raised by Panacea are either isolated to its own business practices or based on speculative scenarios that are not supported by OCCC findings, enforcement history, or industry-wide data.

Accordingly, although these Panacea proposals are outside the current scope of the Commission's rule review, we respectfully request that this response be included in the official record. Our intent is to provide the Commission and the OCCC with a clear, fact-based rebuttal to Panacea's assertions and to explain why its recommended changes are unnecessary, duplicative, or potentially harmful to consumers and the overall health of the Texas property tax lending industry.

PANACEA RULE RECOMMENDATION #1

Although this proposal is *not* part of the Commission's current rule review, the TPTLA addresses it here to correct the record and ensure the Commission has an accurate understanding of existing statutory protections, industry practices, and OCCC oversight. Several assertions in Panacea's submission mischaracterize current law and require clarification.

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

Panacea comments: "I recommend an amendment to the Texas Administrative Code to protect vulnerable Texas property owners—particularly those over 65 or with qualifying disabilities—from predatory or non-compliant lending practices."

Response from the Texas Property Tax Lienholders Association (TPTLA)

Rule Recommendation #1 — Mandatory Compliance Procedures for Borrowers Eligible for Property Tax Deferral Due to Age or Disability

The Texas Property Tax Lienholders Association respectfully opposes this proposed rule amendment. While we share the goal of protecting elderly and disabled Texans, the proposal is unnecessary, redundant, and inconsistent with the regulatory framework already governing licensed property tax lenders.

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1. Existing Law Already Provides These Protections

Texas law already prohibits the origination of property tax loans for homeowners who qualify for an age-65 exemption under **Texas Tax Code § 33.06** and **§ 33.065**. Furthermore, these protections are reinforced throughout **7 TAC Chapter 89** and the **Texas Finance Code, Chapter 351**, which collectively provide robust disclosure, marketing, and eligibility safeguards. In addition, Texas Tax Code § 33.06(a-1)(1)(D) requires that notice be given to the property owner that if the property owner is disabled, the property owner may be eligible for a tax deferral under Section 33.06, further strengthening statutory consumer protections already in place.

- **7 TAC § 89.506(a)(1)** (Property Tax Loan Pre-Closing Disclosure) requires all lenders to provide the following mandatory notice before closing any residential property tax loan:

“If this property is your homestead and you are disabled, you are entitled to tax deferral under Texas Tax Code § 33.06. ... You may arrange with the taxing unit(s) to enter into an installment agreement for the repayment of these taxes.”

This disclosure already informs borrowers of their rights under § 33.06 and ensures they are aware of the deferral and installment options available through the local taxing authority.

- **7 TAC § 89.702(6)** and **Finance Code § 351.053(a)** require lenders to maintain accurate and complete borrower records, including relevant eligibility and exemption information.
- **7 TAC § 89.205(b)** and **§ 89.502(4)** restrict unfair or misleading marketing practices. Licensed lenders are expressly required to include the statement:

“YOUR TAX OFFICE MAY OFFER DELINQUENT TAX INSTALLMENT PLANS THAT MAY BE LESS COSTLY TO YOU”

This ensures that all communications to potential borrowers include information about public alternatives to property tax loans.

2. Industry Practice Already Prevents These Scenarios

In practice, licensed lenders already follow stringent procedures to identify and exclude borrowers eligible for age-65 or disability deferrals:

- Most lenders cross-reference county appraisal district (CAD) records during underwriting and routinely exclude properties carrying over-65 or disabled-person exemptions from marketing campaigns.
- It is common practice to include in all solicitation materials the disclaimer:
“Please disregard this letter if you have paid your taxes, are in bankruptcy, or are eligible for a disability or over-65 deferral.”
- Lenders also collect borrower dates of birth and ensure any amortization schedule accounts for when a borrower will reach age 65, ensuring compliance with **Tax Code § 33.06** before origination or servicing.

These industry safeguards are standard and are already reviewed by the Office of Consumer Credit Commissioner (OCCC) during compliance audits.

3. No Evidence of Widespread Non-Compliance

The proposed rule attempts to address a problem that does not exist. Instances of lenders originating loans to borrowers who qualify for a tax deferral under § 33.06 are extremely rare. There is no credible evidence or OCCC enforcement history suggesting systemic abuse or non-compliance in this area.

Moreover, there is no economic incentive for lenders to make such loans. Under **Tax Code § 33.06(b)**, qualifying borrowers are entitled to a maximum interest rate of 5% per annum, well below the industry’s cost of capital, and such loans may be deferred indefinitely until the property is sold.

Originating these loans would therefore be financially disadvantageous to any responsible lender.

4. The Proposed Rule Would Be Redundant and Unnecessary

The requirements described in this proposal - annual internal audits, repetitive notifications, and mandated account adjustments - are redundant with existing statutory provisions and would impose unnecessary

administrative burdens without improving consumer outcomes. The OCCC already enforces compliance through regular examinations and complaint resolution processes. Adding an additional reporting requirement would create confusion, duplicate oversight, and divert regulatory and lender resources from real consumer protection priorities.

5. Conclusion

The Texas property tax lending industry already operates under one of the most transparent and tightly regulated frameworks in the nation. Licensed lenders:

- Proactively identify and exclude borrowers eligible for deferrals;
- Provide extensive pre-closing disclosures under 7 TAC § 89.506;
- Adhere to marketing restrictions under 7 TAC § 89.502; and
- Comply with OCCC supervision and annual reporting requirements under Finance Code § 351.165.

For these reasons, the proposed amendment to § 89.508 is unnecessary and duplicative. The current regulatory structure - supported by long-standing best practices - already achieves the goal of protecting elderly and disabled Texans from inappropriate loan origination.

PANACEA RULE RECOMMENDATION #2

While this proposal is not under consideration in the present rulemaking, the TPTLA responds to ensure the record accurately reflects the extensive advertising prohibitions already in place under the Texas Finance Code and 7 TAC Chapter 89. Panacea's characterizations of industry practice and consumer risk are overstated and not supported by OCCC findings.

Transparency in Property Tax Lender Marketing

Panacea Comments: "I recommend an amendment to the Texas Administrative Code to address misleading advertising from failure to identify clearly that the licensed lender is in the business of making loans. Texas law recognizes that property tax lending is a regulated financial service and must be conducted in a manner that is transparent, non-deceptive, and protective of consumers.

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

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

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

Response from the Texas Property Tax Lienholders Association (TPTLA)

Rule Recommendation #2 — Transparency in Property Tax Lender Marketing

The Texas Property Tax Lienholders Association (TPTLA) respectfully opposes the proposed amendment to 7 TAC § 89.208 that would require the addition of the term "Lender," "Lending," "Property Tax Lender," or "Licensed Lender" adjacent to the name of every company in all advertisements.

This proposal is redundant, unnecessary, and inconsistent with the existing statutory and regulatory framework that already governs advertising practices for licensed property tax lenders in Texas.

1. Existing Law Already Prohibits False, Misleading, or Deceptive Advertising

Property tax lenders are already subject to extensive advertising restrictions under both statute and rule.

- **Texas Finance Code § 351.002** and **§ 351.051** authorize the OCCC to regulate the conduct of property tax lenders and ensure that all advertising is fair and non-deceptive.
- **Texas Finance Code § 393.302(3)** expressly prohibits the use of advertisements that “represent, directly or indirectly, that a consumer debt management service is being offered by a governmental agency or instrumentality.”
- **Texas Finance Code § 393.303** further prohibits any false, misleading, or deceptive statements in advertising.
- Finally, **7 TAC § 89.208 (Advertising)** already:
 - Prohibits false, deceptive, or misleading advertising;
 - Requires clear disclosure of the name of the licensed property tax lender in all marketing; and
 - Prohibits advertisements that resemble or imitate official government correspondence.

These existing provisions collectively ensure that no lender may conceal its identity or misrepresent its status in any form of communication to the public.

2. The Current Rule Framework Already Ensures Transparency

The rule at **7 TAC § 89.507 (Permissible Changes)** allows limited flexibility in language used within required disclosures - specifically permitting substitution of the statutory terms “transferee” for “property tax lender” and “tax lien transfer” for “property tax loan” - in accordance with **Texas Tax Code Chapter 32**, which defines the legal structure of the transaction itself.

This flexibility was intentionally designed to ensure consistency between the Tax Code and Finance Code terminology, while still requiring lenders to clearly identify themselves.

Every licensed lender’s name, mailing address, and license number must already appear on all advertisements and solicitation materials. These requirements are enforced through routine OCCC examinations and have proven effective in preventing deceptive marketing.

3. The Proposed Amendment Is Redundant and Legally Unnecessary

Mandating that the term “Lender” or “Licensed Lender” appear next to every company name in every medium would add no meaningful consumer protection beyond what is already guaranteed under existing law. Instead, it would create unnecessary administrative complexity by imposing a redundant labeling requirement that overlaps with existing disclosure standards.

Moreover, the OCCC and the Finance Commission have previously reviewed this issue and concluded that such an amendment is not needed. The Commission has consistently interpreted **§ 89.208** as sufficient to address misleading or deceptive advertising, including mailers designed to resemble official government notices.

To date, there is no evidence of widespread consumer harm arising from the current advertising framework. The TPTLA’s own member companies - who represent approximately 90 percent of the industry - maintain exceptionally low complaint rates and have not been cited for deceptive marketing in recent OCCC audits.

4. Conclusion

The TPTLA respectfully urges the Finance Commission of Texas and the OCCC to decline adoption of the proposed amendment to **7 TAC § 89.208**.

The existing statutory and regulatory framework already provides comprehensive consumer protection, ensuring that all property tax lender advertisements are truthful, transparent, and non-deceptive. The proposed language would merely duplicate existing requirements without offering any additional benefit to borrowers or regulators.

The current advertising rules under **7 TAC § 89.208** and related provisions of the Texas Finance Code (§§ 351.002, 393.302–393.303) already:

- Require that the lender’s name and license information appear on all advertisements;
- Prohibit any advertisement that resembles a government document or misrepresents the nature of the service; and

- Empower the OCCC to investigate and penalize deceptive marketing practices.

The TPTLA's member companies, representing approximately 90% of the licensed industry, maintain a long record of clean OCCC audits, low complaint rates, and transparent marketing practices. The system is functioning as intended, and additional rulemaking would only create redundant compliance obligations without enhancing consumer understanding or protection.

Rather than layering unnecessary requirements onto an already effective rule, the TPTLA encourages continued enforcement of the existing standards and collaborative engagement with the OCCC to ensure that all licensed lenders maintain clear and ethical communication with consumers.

For these reasons, we respectfully request that the proposed amendment to § 89.208 not be adopted.

PANACEA RULE RECOMMENDATION #3

Although not included in the current rule review, the TPTLA addresses this proposal because it misrepresents the purpose and function of the existing fee cap under § 89.601 and overlooks the historical abuses that prompted the Commission's 2015 reforms. It is important that the record accurately reflect the consumer protections already in place.

Allowable Closing Costs for Residential Property Tax Loans

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

Response from the Texas Property Tax Lienholders Association (TPTLA)

Rule Recommendation #3 — Allowable Closing Costs for Residential Property Tax Loans

The Texas Property Tax Lienholders Association strongly opposes this proposed amendment to **7 TAC § 89.601(c)(3)**. Increasing the maximum allowable closing cost for residential property tax loans from \$900 to \$1,500 would not benefit consumers and would undermine the integrity of the property-tax-lending industry that has functioned successfully under the existing cap for more than a decade.

1. Current Rule Already Protects Consumers and Maintains Market Stability

The \$900 limit in **§ 89.601(c)(3)** was deliberately established by the Finance Commission of Texas in 2013 to cap permissible closing costs for residential property tax loans. This ceiling ensures that borrowers are not exposed to excessive or opaque fees and that the market remains focused on responsible, long-term lending relationships rather than transactional profit.

Furthermore, lenders are already required under **7 TAC § 89.506** (Property Tax Loan Pre-Closing Disclosure) to provide clear written disclosures itemizing all fees, costs, and available alternatives, including notice that:

"Your tax office may offer delinquent tax installment plans that may be less costly to you."

These safeguards, coupled with annual OCCC audits under **Texas Finance Code § 351.165**, make additional cost flexibility unnecessary.

2. Raising the Cap Would Invite High-Fee, Short-Term "Broker" Lenders

Every TPTLA member is a balance-sheet lender, meaning loans are originated and held in-house rather than sold to third-party investors. This model inherently prioritizes borrower success and long-term repayment performance.

By contrast, broker-driven lenders profit solely from origination and immediate resale, often with limited regard for borrower affordability or disclosure accuracy. A higher closing-cost ceiling would make the Texas property-tax-lending space more attractive to such originators - introducing the very practices that prompted the Finance Commission's 2015 rulemaking on discount points.

Those 2015 amendments to **7 TAC § 89.601(d)** were adopted precisely because certain lenders had been misusing "discount points" to inflate total costs and evade fee caps. The Commission intervened to require transparent side-by-side disclosures, prohibit financing points into the principal balance, and mandate

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recordkeeping to prove the legitimacy of any discount points. Allowing an increase in the general closing-cost cap would effectively reopen the same loophole, incentivizing similar fee-inflation schemes.

3. Technological Efficiencies Have Offset Inflationary Pressure

While inflation has affected general business costs, the property-tax-lending industry has simultaneously realized substantial efficiencies through technology - digital applications, automated underwriting, remote notarization, and electronic disclosures. These tools have lowered per-loan processing costs and improved borrower communication.

The existing \$900 cap remains a fair and achievable limit that allows responsible lenders to operate profitably while preventing excessive costs from being passed to consumers. The industry's strong compliance record under this cap demonstrates that it remains both workable and effective.

4. Raising the Cap Harms Consumers and the Industry's Reputation

Higher allowable fees would:

- Encourage opportunistic entrants to focus on short-term origination profit rather than sustainable lending;
- Undermine consumer confidence in a market that has maintained a reputation for fairness since 2013; and
- Increase the likelihood of overcharges or deceptive cost structures that OCCC would then need to police more aggressively.

Maintaining the current limit ensures that all participants, large or small, compete on transparency and service quality, not on their ability to extract higher fees.

5. Conclusion

The TPTLA respectfully urges the Finance Commission of Texas and the OCCC to preserve the existing \$900 cap under 7 TAC § 89.601(c)(3). The rule has proven effective for more than a decade in balancing lender sustainability with borrower protection. Raising the cap would primarily benefit non-traditional brokers and bad actors, not consumers.

The Finance Commission's 2015 reforms were designed to close precisely this type of loophole - ensuring legitimate, transparent, and consumer-focused lending practices. Keeping the current cap maintains that legacy of integrity, protects borrowers from unnecessary cost increases, and sustains a stable and ethical lending marketplace in Texas.

PANACEA RULE RECOMMENDATION #4

This proposal is *not* being considered by the Commission in this rule cycle; however, the TPTLA responds to correct several inaccurate statements regarding disclosure practices and OCCC auditing. The existing regulatory framework already provides the transparency and protections Panacea claims are lacking.

Mandatory Signed Application and Enhanced Disclosures for Property Tax Loans

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

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

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Response from the Texas Property Tax Lienholders Association (TPTLA)

Rule Recommendation #4 — Mandatory Signed Application and Enhanced Disclosures for Property Tax Loans

The Texas Property Tax Lienholders Association (TPTLA) respectfully opposes the proposed creation of new **§ 89.209**. This amendment is unnecessary, duplicative, and inconsistent with the comprehensive disclosure, documentation, and auditing framework that already governs licensed property tax lenders under **7 TAC Chapter 89** and the **Texas Finance Code, Chapter 351**.

1. Existing Rules Already Require Timely, Signed Pre-Closing Disclosures

Licensed property tax lenders are already required by **7 TAC § 89.506(a)** (*Property Tax Loan Pre-Closing Disclosure*) to provide each borrower with a written, pre-closing disclosure before the loan is consummated.

Under 7 TAC §89.506(a)(2), property tax lenders are required to deliver the completed pre-closing disclosure to the borrower before closing. If the disclosure is mailed, the rule provides a three-business-day safe harbor, allowing the lender to presume the borrower received it after three days unless earlier receipt is confirmed. There is no mandatory three-day waiting period if the borrower acknowledges earlier receipt in person or electronically.

The property tax lender must obtain a dated acknowledgment signed by the property owner stating that the property owner received the disclosure statement prior to closing. This disclosure contains all essential loan terms - interest rate, annual percentage rate (APR), fees, and borrower alternatives - ensuring the borrower has sufficient time to review and compare terms across lenders before finalizing the loan.

In addition, **§ 89.506(e)** requires redisclosure if the APR changes by more than $\frac{1}{8}$ of 1% (0.125%) between the original disclosure and closing. The lender must issue a revised pre-closing disclosure reflecting the amended terms before consummation.

Together, these requirements already achieve the stated goals of transparency and borrower protection - without the need for a new section.

2. The OCCC Already Enforces Rigorous Auditing and Recordkeeping Standards

Under **Texas Finance Code § 351.165**, the Office of Consumer Credit Commissioner (OCCC) examines every licensed property tax lender at least once every two years. As part of these examinations, the OCCC reviews:

- Loan applications and supporting documentation;
- Signed and dated pre-closing disclosures;
- Proof of the date and method of delivery of those disclosures; and
- Consistency between disclosed and final loan terms.

If discrepancies are identified, the OCCC already has authority to require corrective action or take enforcement measures. The proposed rule adds no meaningful oversight benefit beyond what is already monitored through this well-established audit process.

3. The Industry Already Operates Transparently and Competitively

Property tax lending is a highly competitive marketplace where borrowers frequently shop multiple lenders before committing. Borrowers typically receive several written proposals and disclosures, and the required three-day delivery rule ensures they have time to make informed decisions.

Most lenders use secure electronic delivery systems—such as e-signature platforms—that automatically log the date, time, and recipient of each disclosure. This digital audit trail provides even greater transparency and verifiability for OCCC examiners.

Additionally, it should be noted that the Texas Tax Code § 32.06(d-1) provides a right of rescission described by the Truth in Lending Act (15 U.S.C. Section 1635) and Regulation Z (12 C.F.R. Section 1026.23) applies to a transfer under this section of a tax lien on residential homestead property.

This rescission right applies to any property tax loan on an owner-occupied residence. It gives homeowners a cooling-off period to cancel the transaction after signing, ensuring they are not locked into a tax loan they

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reconsider or didn't fully understand. In practice, it provides an added layer of consumer protection for homeowners by allowing them to back out without penalty within 3 days of signing the loan documents.

4. The Proposed Rule Is Redundant and Would Add Unnecessary Burdens

The proposed § 89.209 would duplicate the existing disclosure and documentation process while adding needless administrative complexity. It would also risk creating confusion between a new "application disclosure" and the already-required Pre-Closing Disclosure under § 89.506.

The existing framework already provides:

- Written, signed disclosures at least three business days before closing;
- Mandatory redisclosure if APR changes by more than 0.125%;
- Record retention of all signed applications and disclosures under § 89.504(b)(2); and
- Biennial OCCC examinations ensuring full compliance.

No evidence suggests that borrowers are being misled or that lenders are failing to meet these robust standards.

5. Conclusion

The TPTLA strongly urges the Commission and the OCCC to reject the proposed § 89.209. The rule is redundant, unnecessary, and unsupported by any evidence of consumer harm.

Texas already has one of the nation's most transparent property-tax-lending frameworks.

Specifically:

- 7 TAC § 89.506(a)(2) requires lenders to send mailed disclosures at least three business days before closing.
- § 89.506(e) mandates redisclosure if loan terms change.
- § 89.504(b)(2) and Finance Code § 351.165 ensure documentation and regular audits verifying compliance.

The proposed addition would not enhance consumer protection—it would simply layer redundant paperwork onto a system that already functions effectively. The TPTLA remains committed to supporting rules that meaningfully improve transparency, but in this case, the existing statutes and OCCC oversight already achieve that goal.

PANACEA RULE RECOMMENDATION #5

Even though this amendment is *not* part of the current rule review, the TPTLA addresses it to clarify that the information Panacea seeks is already required under §§ 89.802–89.803 and routinely audited by the OCCC. The proposal is based on misunderstandings of existing requirements and industry practice.

Required Transparency in Payoff Statements

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

Response from the Texas Property Tax Lienholders Association (TPTLA)

Rule Recommendation #5 — Required Transparency in Payoff Statements

The Texas Property Tax Lienholders Association (TPTLA) respectfully opposes the proposed amendment to 7 TAC § 89.802(c). While we share the goal of promoting borrower transparency, this rule change is unnecessary because the information described is already required, routinely provided, and reviewed as part of the Office of Consumer Credit Commissioner's (OCCC) standard audit process.

1. Current Rules Already Require Comprehensive Payoff Disclosures

Under **7 TAC § 89.802(a) and (b)** (*Payoff Statement Requirements*), property tax lenders are already required to provide clear, itemized payoff statements that include:

- The unpaid principal balance;
- The amount of accrued interest;
- Any additional fees or charges, with a description for each fee
- The total payoff amount as of a specified date.
- The due date of the next payment; and
- The per diem interest that will accrue after the balance date

Additionally, **§ 89.802(b)(4)** requires lenders to disclose “any other amounts necessary to pay the loan in full,” which already encompasses items such as late fees, deferred interest, and accrued charges.

2. Industry Practice Already Ensures Transparency and Borrower Awareness

Payoff statements issued by TPTLA member companies routinely include the very data elements proposed in this rule. These items are automatically generated within lender servicing systems and provided upon any borrower’s payoff request.

Moreover, borrowers already receive periodic communications - including billing statements, delinquency notices, and correspondence required under **7 TAC § 89.503** (*Servicing and Collections*) - that clearly identify their payment status, accrued fees, and current interest rate.

Together, these disclosures ensure that borrowers have complete and continuous visibility into their loan’s condition long before a payoff request is even made.

3. The Proposed Amendment Is Duplicative and Adds Unnecessary Complexity

The OCCC’s existing payoff requirements under **§ 89.802** already provide sufficient flexibility and enforcement authority to ensure lenders include relevant loan details. Mandating a new, fixed list of data points under subsection (c)(14) would:

- Add redundant requirements that restate existing lender obligations;
- Create potential compliance ambiguity where formatting or software output differs; and
- Increase administrative costs without improving borrower outcomes.

Further, **§ 89.803** (Payoff Statement Form) already allows The Commission to adopt standardized formatting when necessary. The OCCC has not received consumer complaints indicating that payoff statements are incomplete or confusing - indicating that the current rule structure is both effective and sufficient.

4. The OCCC’s Current Examination Process Already Monitors These Disclosures

During the OCCC’s regular biennial examinations, conducted under **Finance Code § 351.165**, lenders must produce a sample of payoff statements for review. Examiners verify that payoff calculations are correct, that required data are provided, and that any fees or charges are lawful and properly disclosed.

There is no evidence of systemic noncompliance or consumer confusion warranting new rulemaking. The proposed amendment would therefore create a solution in search of a problem.

5. Conclusion

The TPTLA respectfully urges the Commission and the OCCC to reject the proposed amendment to **§ 89.802(c)**. The information identified in this proposal - such as date of last payment, accrued late fees, days delinquent, and interest rate - is already:

- Required in substance under existing rule;
- Included as a matter of standard industry practice; and
- Regularly reviewed by the OCCC during examinations.

The proposed change would introduce redundancy without improving borrower understanding or enforcement clarity. The current framework in **7 TAC §§ 89.802–89.803** already ensures payoff transparency, protects borrowers, and allows the OCCC to adapt the required form as needed.

For these reasons, the TPTLA believes no additional regulation is necessary.

PANACEA RULE RECOMMENDATION #6

This proposal is *not* before the Commission in this rulemaking, but the TPTLA responds because Panacea's characterization of regulator–industry communication is inaccurate and potentially damaging to a proven regulatory model. The record should reflect the longstanding transparency and compliance culture maintained in coordination with the OCCC.

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

Panacea Comments: “The Texas Office of Consumer Credit Commissioner (OCCC) regularly participates in meetings and conferences hosted by trade associations, including the Texas Property Tax Lienholders Association (TPTLA) — a private industry group that includes licensed property tax lenders.

However, the OCCC does not currently disclose when these meetings occur, what is discussed, who attends, or whether materials are distributed that may influence regulatory compliance, interpretation, or enforcement under Chapter 89. (...) To ensure transparency, equity, and confidence in regulatory integrity, we propose a new rule requiring disclosure of OCCC participation in any industry group events or meetings where regulated licensees are present, and where matters affecting rules, consumer protections, or enforcement are discussed.”

Response from the Texas Property Tax Lienholders Association (TPTLA)

The Texas Property Tax Lienholders Association (TPTLA) was established in 2006, prior to the Office of Consumer Credit Commissioner's (OCCC) formal regulation of the property tax lending industry. From the beginning, our mission has been to promote best practices, self-police our industry, and ensure all participants operate ethically and transparently in serving Texas property owners.

Since coming under OCCC regulation in 2008, the TPTLA has continued this mission in close partnership with our regulator. Our goal has always been to maintain an industry that is both compliant and consumer-focused, while operating under the highest professional and ethical standards.

1. Proven Record of Compliance and Ethical Conduct

The TPTLA represents approximately 90% of the entire property tax lending industry, comprising 10 licensed member companies. Among our members, we consistently see:

- Exceptional audit results during OCCC examinations;
- Minimal consumer complaints relative to loan volume; and
- A culture of proactive compliance and accountability.

Conversely, non-member companies have historically generated a disproportionate number of consumer complaints and OCCC enforcement actions. This contrast highlights the importance of TPTLA membership standards and our internal code of ethics, which all members must annually affirm and uphold.

2. A Collaborative Relationship with the OCCC

Over the past 17 years, TPTLA and the OCCC have built a strong, collaborative relationship rooted in transparency and shared objectives. Together, we have:

- Developed and refined rules to ensure ethical origination, servicing, and payoff practices;
- Maintained an open line of communication for identifying and addressing emerging compliance issues; and
- Created one of the most stable and well-regulated consumer credit sectors in Texas.

This partnership has resulted in a mature, well-functioning marketplace that protects consumers while allowing lenders to responsibly serve Texans facing property tax obligations.

Raising barriers that would inhibit communication or collaboration between the OCCC and industry stakeholders would be counterproductive. No regulatory system has ever improved through isolation or reduced dialogue. The success of Texas's property tax lending framework is a direct result of constructive engagement and mutual accountability - not separation or suspicion.

3. Commitment to Ethical Standards and Anti-Trust Compliance

Each year, as part of our annual meeting, TPTLA members are required to review and reaffirm our Anti-Trust Compliance Policy, which is strictly enforced. This ensures that our association's activities remain transparent, competitive, and fully compliant with both state and federal law.

4. Continued Focus on Education, Ethics, and Consumer Protection

The TPTLA's ongoing goals include:

- Raising public awareness about property tax loan options and responsible repayment;
- Promoting ethical lending and servicing standards across the industry;
- Working with regulators and legislators to modernize and clarify rules when needed; and
- Ensuring that all Texas consumers are treated fairly, honestly, and with respect.

Through this mission, we have helped build an industry recognized for professionalism, responsiveness, and consumer service - an industry that provides Texans with an important financial option while maintaining exceptionally low complaint rates and high regulatory compliance.

5. Conclusion

The TPTLA stands as a model of responsible self-regulation and effective collaboration with state oversight. Our 17-year partnership with the OCCC has produced a stable, ethical, and consumer-friendly lending environment.

Any effort to weaken communication or increase administrative barriers between regulators and licensed lenders would harm - not help - this proven framework. The current balance of oversight and collaboration has worked for nearly two decades and continues to protect Texas consumers while sustaining a strong, transparent industry.

PANACEA RULE RECOMMENDATION #7

Although this amendment is *not* under consideration in this rule session, the TPTLA responds to address significant factual inaccuracies regarding payoff processing, electronic signatures, and consumer access. Existing law already governs these areas comprehensively, and Panacea's claims do not align with OCCC findings or industry-wide data.

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

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

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

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

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

Response from the Texas Property Tax Lienholders Association (TPTLA)

Rule Recommendation #7 — Borrower Payoff Rights, Electronic Signatures, Privacy Protection, and Payoff Process Transparency

The Texas Property Tax Lienholders Association (TPTLA) respectfully opposes the proposed addition of new § 89.806. This proposal is based on exaggerated claims and does not reflect the actual practices or regulatory

framework under which the licensed property tax lending industry operates in Texas.

The current payoff system already ensures that borrowers can obtain timely, accurate payoff information, that electronic signatures are accepted, and that the OCCC maintains full enforcement and oversight authority.

1. Existing Rules Already Govern the Payoff Process

Payoff procedures are clearly established in **7 TAC § 89.806 (Payoff Requests from Borrower)**, which requires lenders to:

- Provide a payoff statement within a reasonable time after receiving a valid written request;
- Accept payoff authorizations executed by the borrower or an authorized representative; and
- Maintain documentation of such requests for OCCC review.

In addition, **OCCC Bulletin B15-1 (March 12, 2015)** outlines standardized payoff practices requiring reasonable and consistent procedures, acceptance of valid authorizations, and timely responses. These directives already ensure transparency and access for borrowers.

2. The Current System Works Effectively and Transparently

The TPTLA represents approximately 90 percent of all property tax lenders in Texas. Among our members, payoff-related complaints are extremely rare, and OCCC audits consistently confirm strong compliance with § 89.806 and Bulletin B15-1.

Member lenders routinely:

- Accept electronic authorizations under the **Texas Uniform Electronic Transactions Act (Tex. Bus. & Com. Code § 322.001 et seq.)**;
- Process payoff requests through monitored email channels; and
- Provide written payoff statements within 24–48 hours of request, well within the “reasonable time” requirement.

These practices are documented and verified through biennial OCCC examinations conducted under **Finance Code § 351.165**.

3. Lenders Require Flexibility for a Seven-Day Response Window

While most lenders deliver payoff statements in one or two business days, they must retain flexibility to ensure accuracy and compliance. Many lenders work with third-party collection or servicing firms responsible for maintaining escrow, tax, or delinquency records tied to a borrower’s account. Before a payoff can be finalized, the lender must coordinate with these external parties to:

- Verify outstanding principal, accrued interest, and any collection charges;
- Reconcile recent or pending payments; and
- Confirm that no additional county tax or legal fees are outstanding.

This reconciliation process often requires input from multiple entities and may extend several business days. For this reason, the TPTLA supports codifying a seven-day payoff timeframe - consistent with both industry practice and federal mortgage-servicing standards.

Under **12 C.F.R. § 1026.36(c)(3) (Regulation Z – Truth in Lending Act)**, mortgage servicers are required to provide an accurate payoff balance within seven business days of receiving a written request. Aligning Texas’s property-tax-lending rules with this federal benchmark ensures operational consistency, consumer fairness, and compliance feasibility - particularly when lenders must verify data through third-party servicers or tax offices.

A rigid three-day deadline, as proposed, would risk inaccurate payoff statements, create avoidable compliance violations, and undermine borrower confidence in the accuracy of payoff amounts.

4. The Proposed Rule Is Redundant and Based on Mischaracterizations

Claims that lenders routinely deny payoffs, reject electronic signatures, or conceal communication channels are unsupported by OCCC findings or complaint data.

- Electronic signatures are already enforceable under Texas law.
- Email communication for payoff requests is standard practice and verified through OCCC examinations.
- Response timelines are already enforced under § 89.806 and monitored during biennial reviews.

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The proposed amendment would merely duplicate existing requirements, introduce unnecessary administrative burden, and create potential conflicts with current statutory language.

5. Continuous Oversight Ensures Accountability

Under **Finance Code § 351.165**, every licensed property tax lender is examined by the OCCC at least once every two years. These examinations review borrower payoff requests, delivery dates, and supporting documentation. If any lender were to delay or deny a valid payoff, the OCCC already possesses enforcement authority under **Finance Code §§ 14.208 and 351.051** to compel corrective action. There is no evidence of widespread non-compliance warranting additional regulation.

6. Conclusion

The TPTLA strongly urges the Commission to decline the proposed amendment to § 89.806 and instead adopt the TPTLA's proposed clarifications to 7 TAC Chapter 89.

The existing framework already protects borrowers, ensures prompt and verifiable payoff processing, and grants the OCCC comprehensive oversight. Codifying a seven-business-day timeframe, consistent with 12 C.F.R. § 1026.36(c)(3), would maintain accuracy while aligning Texas standards with national mortgage-servicing law. The proposed rule is redundant, unnecessary, and premised on unfounded claims. The TPTLA's alternative recommendations, by contrast, reinforce transparency, preserve operational practicality, and maintain the well-regulated, consumer-focused environment that has served Texas property owners effectively for nearly two decades.

PANACEA RULE RECOMMENDATION #8

While not included in the present rule review, the TPTLA addresses this proposal because it overlooks key statutory distinctions between residential and commercial property tax loans. To prevent confusion in the record, it is important to clarify why separate disclosures under § 89.506 are both appropriate and legally required.

Uniform Disclosure Forms

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

Response from the Texas Property Tax Lienholders Association (TPTLA)

Rule Recommendation #8 — Uniform Disclosure Forms

The Texas Property Tax Lienholders Association (TPTLA) respectfully opposes the proposal to merge residential and commercial property tax loan disclosures under **7 TAC § 89.506**. The recommendation misunderstands key statutory distinctions between residential and commercial property tax loans and would, if adopted, create compliance conflicts and confusion for both lenders and regulators.

1. Distinct Statutory Frameworks Require Separate Disclosures

Texas law clearly differentiates residential and commercial property tax loans, both in structure and in borrower protections.

- **Residential property tax loans** are subject to additional consumer-protection provisions under the **Texas Finance Code Chapter 180 (Residential Mortgage Loan Originators Act)** and the **SAFE Act**, requiring that individual loan originators maintain an active **Nationwide Mortgage Licensing System (NMLS)** license.
- **Commercial property tax loans**, by contrast, are *not* subject to Chapter 180, and their originators are not required to hold NMLS credentials.

Because of this statutory difference, residential disclosures under **§ 89.506(a)(1)** require the inclusion of

information such as the loan originator's name and NMLS ID number, while commercial loans appropriately omit these fields since they do not apply.

2. Separate Forms Reflect Substantive Legal Differences

Beyond licensing, residential and commercial property tax loans differ in several legally significant respects:

- **Prepayment Penalties:** Under **Texas Finance Code § 351.0021**, commercial loans may include prepayment penalties, while residential loans may not. The commercial disclosure form reflects this difference, ensuring borrowers receive accurate and applicable terms.
- **Borrower Classification:** "Consumers" under Texas law generally refer to individuals engaged in personal, family, or household credit transactions. Many commercial property tax borrowers are entities or investment partnerships, not consumers, and are therefore governed by separate legal standards.
- **Interest and Fee Calculations:** Residential loans often include Truth in Lending-style disclosures (APR calculations, etc.), whereas commercial loans - being business-purpose extensions of credit - follow different computation and presentation requirements.

Merging these distinct forms would therefore misstate regulatory applicability and risk introducing errors or noncompliance by requiring disclosure items that do not legally apply to commercial transactions.

3. Current Disclosure System Already Ensures Transparency

The current two-form system under **§ 89.506(a)(1)** (residential) and **§ 89.506(a)(2)** (commercial) was specifically adopted to ensure *both transparency and accuracy* appropriate to each loan type.

Both forms require detailed disclosure of loan terms, interest rates, repayment structures, and borrower alternatives. Commercial borrowers already receive clear and comprehensive disclosures tailored to their classification, ensuring transparency without introducing irrelevant consumer-based fields.

Additionally, these disclosures are reviewed during every **OCCC examination** under **Finance Code § 351.165**, which verifies that lenders are using the correct form for the correct transaction type. No evidence or examination findings indicate a need for reform in this area.

4. Merging the Forms Would Create Confusion and Compliance Risk

Imposing a single uniform disclosure would:

- Require lenders to list NMLS IDs even where the requirement does not apply by law;
- Mislead commercial borrowers by including references to consumer protections that do not pertain to them; and
- Increase administrative errors by forcing lenders to use a form that conflates two legally distinct transaction types.

This would ultimately reduce clarity and compliance rather than enhance it.

5. Conclusion

The TPTLA strongly urges the Commission to decline the proposed amendment to § 89.506 requiring a single uniform disclosure form.

Texas Finance Code provisions and OCCC rules already ensure full transparency and borrower protection, while correctly distinguishing between residential and commercial lending frameworks. The existing bifurcated system reflects both statutory intent and practical compliance realities.

Maintaining separate disclosures preserves regulatory clarity, prevents misapplication of consumer-lending provisions to commercial transactions, and upholds consistency with existing law.

In Summary

The **Texas Property Tax Lienholders Association** appreciates the opportunity to provide these formal comments on the proposed amendments to **7 TAC Chapter 89**.

The TPTLA strongly supports the Commission's and the OCCC's ongoing efforts to promote transparency, ensure borrower protection, and preserve the integrity of the property tax lending industry.

Conclusion

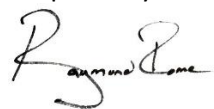
The Texas Property Tax Lienholders Association appreciates the opportunity to provide these formal comments on the proposed amendments to 7 TAC Chapter 89 and on the prior rule recommendations submitted by Panacea Lending. As an association representing approximately 90 percent of licensed property tax lenders in Texas, we are deeply committed to maintaining a regulatory framework that is transparent, enforceable, and genuinely protective of consumers.

As outlined above, we believe the existing rules - when combined with the OCCC's robust examination process and enforcement authority - already provide strong protections for elderly and disabled borrowers, ensure truthful and non-deceptive advertising, cap residential closing costs at fair and sustainable levels, mandate timely and accurate disclosures, and govern payoff practices in a manner that is both consumer-focused and operationally sound. Panacea's proposed rule changes are, in large part, redundant, unsupported by evidence of systemic harm, or likely to introduce confusion, higher costs, or unintended consequences without improving borrower outcomes.

By contrast, the Commission's and the OCCC's targeted revisions - particularly the clarifying amendments to §89.806 and the modernized license and registration fee structure - strengthen an already effective system. They codify best practices, align Texas with federal standards where appropriate, and preserve flexibility for both regulators and responsible lenders, all while minimizing impact on small businesses.

For these reasons, the TPTLA respectfully urges the Finance Commission of Texas and the OCCC to adopt the Commission's proposed amendments, including TPTLA's recommended clarifications to §89.806 and the updated license fee structure, and to decline Panacea's suggested rule changes. We remain committed to working collaboratively with the OCCC, the Commission, and other stakeholders to ensure that Texas property owners continue to benefit from a well-regulated, ethical, and consumer-focused property tax lending industry.

Respectfully submitted,



Raymond (Trey) Rome
President

Texas Property Tax Lienholders Association

PRECOMMENTS ON AMENDMENTS TO 7 TAC CHAPTER 89

From:

- Texas Property Tax Lienholders Association
- Harrison & Duncan PLLC
- Panacea Lending LLC

From: [Trey Rome - HTS](#)
To: [rule comments](#)
Cc: [Matthew Nance](#); [Leslie Pettijohn](#)
Subject: Re: Comments on Proposed Rule — Subchapter H, Payoff Statements § 89.806
Date: Monday, September 29, 2025 9:01:19 PM
Attachments: [Outlook-1i2qfphm.png](#)
[Outlook-aqimbvov.png](#)
[Outlook-xfix5o2i.png](#)
[Rule Review - Proposed Language.pdf](#)

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Re: Comments on Proposed Rule — Subchapter H, Payoff Statements § 89.806

Dear Commissioner Pettijohn,

My name is Trey Rome, and I serve as President of the Texas Property Tax Lienholders Association (TPTLA), as well as CEO and Founder of Home Tax Solutions.

First, I want to express my appreciation for the OCCC and Commissioner. You have done an excellent job regulating our industry and ensuring that it remains healthy, compliant, and focused on protecting consumers. We offer these comments in direct response to **Subchapter H, Payoff Statements § 89.806**, because we believe the proposed clarifications are essential to maintaining borrower confidence, regulatory compliance, and industry consistency.

Support for the Current System

The current system for payoffs among tax lenders is working well. Our shared goal is to make sure borrowers experience a smooth and transparent payoff process.

- The TPTLA represents 90% of the industry, and among our members we see very few complaints.
- Our compliance track record is strong, with high audit success rates and minimal consumer issues.
- As an association, we support clarifying rules where needed—but we believe the framework already works effectively for borrowers.

The Proposed Rule

We carefully reviewed the proposed rule and made two clarifications that reflect industry-standard best practices:

1. **Electronic Signature Proof**

We recommend that proof of authorization include a certificate of authenticity containing:

This standard is available on virtually every commercially used e-signature platform, making it both practical and verifiable.

- Signer's name
- IP address
- Email address
- Date and time of signing

2. **Reasonable Response Time**

We support clarifying “reasonable time” for providing payoff statements as seven business days, which aligns with industry norms.

The Problem We Face

We've encountered a situation where one company in our industry is using an e-signature platform that restricts visibility into important borrower details—particularly the borrower's email address. The platform, *Hipaalyzer*, is built around HIPAA standards and emphasizes the protection of Protected Health Information (PHI). Since our transactions do not involve PHI, this choice of platform for document execution appears unusual and misaligned with the information needs of our industry.

This creates a significant concern:

- Without access to this information, the lender receiving the payoff request cannot verify that the borrower truly authorized the release.
- In practice, anyone—including the paying lender—could sign the form, leaving the payoff lender with no way to confirm it was actually executed by the borrower.
- This approach undermines compliance with the law and puts important consumer protections at risk.

Several member companies have even offered to cover the cost of a DocuSign account for this company to ensure payoff requests are properly verified, but unfortunately, those offers were declined.

Why This Matters

At its core, this is about protecting consumers.

- We must be able to prove, in the event of an audit or dispute, that a payoff request was truly authorized by the borrower.
- Consumers deserve certainty that their personal information and payoff requests are not

being mishandled or falsified.

By requiring an industry-standard certificate of authenticity, we can ensure compliance, fairness, and transparency—without imposing unnecessary burdens.

Connection to the FTC Safeguards Rule

We also note that the OCC's proposed revisions to **§ 89.207** reference compliance with the **Federal Trade Commission's Safeguards Rule (16 C.F.R. Part 314)**. Providing a payoff request without the ability to verify its authenticity is inconsistent with the spirit of those safeguards, which require financial institutions to maintain reasonable measures to protect customer information and prevent unauthorized access. By requiring a certificate of authenticity under **§ 89.806**, the Commission would not only strengthen consumer protections, but also ensure that Texas property tax lenders remain aligned with federal data security obligations. This approach complements the OCC's focus on information security and reinforces a consistent, enforceable framework for safeguarding borrowers.

Closing

In closing, the TPTLA fully supports the Commission and the OCC's continued oversight. We respectfully request that **§ 89.806 be revised to incorporate the industry-standard certificate of authenticity requirement for electronic signatures**, along with the seven-day response timeline. Please see attached for the revisions and additional language to **§ 89.806** that encompass these requests.

This small but vital clarification ensures that payoff requests come directly from the consumer, protects borrowers, strengthens compliance, and keeps our industry healthy.

Thank you for your time and consideration.

Respectfully submitted,

Trey Rome

President, Texas Property Tax Lienholders Association
CEO & Founder, Home Tax Solutions



TREY ROME

CEO

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NMLS ID No: 951927

Home Tax Solutions was founded to provide property tax relief for Texans so they can get back to their lives, worry-free. We tailor creative, affordable financial options for your property tax obligations. We are Texans helping fellow Texans.



Subchapter H.

Payoff Statements §89.806.

Payoff Request from Borrower

(a) ~~Generally~~. A borrower has a right to pay off a property tax loan early, ~~consistent with the prohibition on prepayment penalties in Texas Tax Code, § 32.065(d), and Texas Finance Code, §343.205 and §351.0021(a)(9). A property tax lender may not "lock out" a borrower or prevent a borrower from paying off the loan early.~~ The borrower's right to pay off the loan early includes the right to authorize another person or company to pay off the property tax loan.

(b) Payoff request process. If a property tax lender obtains a borrower's authorization to pay off a property tax loan held by an existing property tax lender, then the parties should take these steps.

(1) The authorized property tax lender should obtain a signed written statement from the borrower authorizing the lender to pay off the property tax loan. If the signature is electronic, then the lender must maintain proof of the signature in accordance with standards for electronic signatures. This proof must include a certificate of authenticity that contains the signer's name, IP address, email address, and the date and time of signing.

(2) The authorized property tax lender should send a request for a payoff statement to the existing property tax lender. The request should include the borrower's statement and a certificate of authenticity accompanying proof of any electronic signature. The request should include the borrower's name, the authorized person's name, a description of the property, and reasonable instructions for where to send the payoff statement.

(3) If the request includes the information necessary to complete a payoff statement, then the existing property tax lender should respond with a payoff statement to the authorized property tax lender within seven business days~~a reasonable period of time~~. The payoff statement should include accurate payoff information, and the borrower and the authorized lender should be able to rely on it for a reasonable period of time. The payoff statement should include reasonable instructions for paying off the property tax loan. If the authorized property tax lender's request does not include the information described by paragraph (2) of this subsection, then the existing property tax lender should notify the authorized property tax lender of the deficiency within a reasonable period of time.

(4) The authorized property tax lender may pay off the existing property tax loan as described in the payoff statement.

(5) Once the property tax lender has received the payoff amount, the property tax lender must promptly assign the property tax loan to the authorized person or release the property tax lender's lien on the property.



HARRISON & DUNCAN PLLC

PROPERTY TAX MORTGAGE REAL ESTATE LAW
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Tel 210.821.5800 Fax 210.826.6887

October 3, 2025

Mr. Matthew Nance
General Counsel, Office of Consumer Credit Commissioner
2601 North Lamar Blvd.
Austin, TX 78705
Via email: rule.comments@occc.texas.gov

RE: Informal Pre-Comments on Draft Rules for Property Tax Lender Rule Review

Dear Mr. Nance:

Thank you for the opportunity to comment on the proposed amendments. Our firm represents several licensed property tax lenders in the industry. We offer the comment below concerning records required for a foreclosure proceeding.

Record Retention Regulations Pertaining to Foreclosures

The rules related to the Notice to Cure Default and Notice of Intent to Accelerate do not comport with Texas foreclosure laws. The amendment provides as follow:

§ 89.207(3)(L)

- (ii) any notice to cure the default sent to the property owner and each holder of a recorded first lien on the property as specified by Texas Property Code 51.002(d), including verification of delivery of the notice;
- (iii) any notice of intent to accelerate sent to the property owner and each holder of a recorded first lien on the property, including verification of delivery of the notice;

Texas law does not require the Notice to Cure and Notice of Intent to Accelerate to be received by the borrower. The only requirement in Chapter 51 of the Property Code is that the notice be sent via certified mail to the borrower's last known mailing address:

Texas Property Code 51.002(e): Service of a notice under this section by certified mail is *complete* when the notice is deposited in the United States mail, postage prepaid and addressed to the debtor at the debtor's last known address.

Established Texas foreclosure law recognizes that the statute does not require the borrower to receive these notices.¹ Notably, the rules do not require such "verification of delivery" for the notice of acceleration sent by a property tax lender.²

¹ See *Lambert v. First Nat'l Bank of Bowie*, 993 S.W.2d 833, 835 (Tex. App.—Fort Worth 1999, pet. denied) ("There is no requirement that the debtor receive actual notice.").

² Proposed § 89.207(3)(L)(iv): any notice of acceleration sent to the property owner and each holder of a recorded first lien on the property.

For these reasons, the requirement of a tax lender to retain verification of delivery of these notices should be removed from the regulations. Instead, the regulations should mirror the foreclosure notice requirements in Chapter 51 of the Texas Property Code:

§ 89.207(3)(L)

(ii) any notice to cure the default sent to the property owner and each holder of a recorded first lien on the property as specified by Texas Property Code 51.002(d)-(e), ~~including verification of delivery of the notice~~;

(iii) any notice of intent to accelerate sent *by certified mail* to the property owner and each holder of a recorded first lien on the property, ~~including verification of delivery of the notice~~;

We appreciate your review and attention to this matter. If you have any questions, please don't hesitate to contact us.

Sincerely,



Yanira Reyes, State Bar #24069454

The attorneys below also represent property tax lenders and join in this comment:

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HARRISON & DUNCAN PLLC

PROPERTY TAX MORTGAGE REAL ESTATE LAW

October 6, 2025

Commissioner Leslie Pettijohn
Attn: Matthew Nance, General Counsel
Office of Consumer Credit Commissioner
2601 North Lamar Boulevard
Austin, Texas 78705
Via email: rule.comments@occc.texas.gov

Re: Finance Commission of Texas proposed amendments to TAC Chapter 89 regarding Property Tax Lenders

Dear Commissioner Pettijohn,

Thank you for the opportunity to comment on the proposed amendments. Our firm represents several licensed tax lenders.

Proposed rule §89.806 can prevent many of the not uncommon conflicts between tax lenders who hold tax loans (“Prior Lenders”) and other tax lenders (“Refi Lenders”) who want to pay off such loans on behalf of property owners choosing to refinance with the Refi Lenders. Loans are the primary assets of tax lenders. Understandably Prior Lenders do not want to lose assets to Refi Lenders.

Though we may not have witnessed as many refinance roadblocks devised by Prior Lenders as the OCCC, through the years we have seen a wide variety of such strategies, some of dubious legality. Texas property owners benefit from fair competition between Prior Lenders and Refi Lenders.

Proposed rule §89.806 offers a workable process for authorizing, requesting, and delivering payoff statements for refinances; but in subsection 89.806(b)(3) the rule does not clarify a couple important time limits. Without exact time specifications we expect that some of the common conflicts between Prior Lenders and Refi Lenders will persist.

Reasonable is not. As a standard for behavior “reasonable” gives very little guidance in the context of tax lien refinances. “Reasonable” works as a legal standard when there is already general agreement about what is reasonable behavior in commonly experienced situations, for example we all know it’s reasonable to slow down when driving a car in a downpour. Tax lending is very small industry that most Texans know very little about it. There is no wide-spread agreement about a) when a tax lender should reasonably deliver a payoff statement after a request or b) what is a reasonable time that a Refi Lender should have to pay off before a payoff statement is no longer useful.

Reasonable is in the eye of the beholder. A general agreement about what is reasonable for refinance payoffs doesn’t even exist within the community of Texas tax lenders. The years of

problems with refinance payoffs has arisen because the lenders on each side argue that they are acting reasonably and the opposing lenders aren't.

What's reasonable? Who knows?

The OCCC knows.

1. Through the years the OCCC has seen many different fact patterns that created conflicts about payoffs in tax loan refinance situations.

2. The OCCC has already recognized the need for clear and specific rules for payoff statements for lenders with existing liens (often mortgagees) in TAC §89.801 and §89.802 as required under Tax Code §32.06(a-4)(4) and §32.06(a-6).

3. While following the directions of Tax Code §32.06(a-6) for creating the rules, the Finance Commission was given discretion for the time to deliver a payoff statement. *"The prescribed period must allow the transferee at least seven business days after the date the request is received to deliver the payoff statement."* The Finance Commission chose the shortest possible turnaround time for payoff statements in its rule 89.802(i) *"The payoff statement must be delivered within seven business days after the date on which the property tax lender receives the request."*

4. We understand that the OCCC has already given lenders informal guidance concerning suggested time limits concerning refinance payoffs.

Suggested Solutions - clear and specific time limits.

The OCCC could create clear and specific time guidance in §89.806 in the following ways.

1. Specify the time deadline for payoff response in a number of days. 7 business days for delivery is already a chosen standard for §89.802 which is presumed to be reasonable.

2. Specify the time period for reliance on a payoff statement in a number of days. Existing lenders under Sections 89.801 and 89.802 are allowed up to 30 days from the request date.

Thank you for considering our suggestions. We look forward to seeing your final rules.

Sincerely,



Richard Duncan



Yanira Reyes



PANACEA

LENDING, LLC

10010 San Pedro Ave, Suite 120 | SAN ANTONIO, TEXAS 78216

7/31/2025

Sent Via E-mail

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

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

Dear Commissioner Pettijohn,

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

RULE RECOMMENDATION #1

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

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

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

Recommended language addition I would suggest would be as follows:

Title 7 Texas Admin Code § 89.508

Servicing/Origination of Residential Property Tax Loans

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

The notice required in this rule must include:

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

Reasons for recommendation.

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

Conclusion on Rule Recommendation #1

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

RULE RECOMMENDATION #2

Transparency in Property Tax Lender Marketing

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

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

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

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

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

Recommended language addition I would suggest would be as follows:

Title 7 Texas Admin Code § 89.208(c)

Add the following sentence at the end of this section:

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

Reason for recommendations.

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

Conclusion on Rule Recommendation #2

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

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

RULE RECOMMENDATION #3

Allowable Closing Costs for Residential Property Tax Loans

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

Recommended language addition I would suggest would be as follows:

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

Reasons for recommendation.

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

Conclusion on Rule Recommendation #3

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

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

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

RULE RECOMMENDATION #4

Mandatory Signed Application and Enhanced Disclosures for Property Tax Loans

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

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

Recommended language addition I would suggest would be as follows:

§ 89.209 (New Section)

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

Reasons for recommendation.

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

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

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

Conclusion on Rule Recommendation #4

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

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

RULE RECOMMENDATION #5

Required Transparency in Payoff Statements

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

Recommended language addition I would suggest would be as follows:

§89.802(c)(14)

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

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

Reasons for recommendation.

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

Conclusion on Rule Recommendation #5

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

RULE RECOMMENDATION #6

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

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

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

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

Recommended language addition I would suggest would be as follows:

§89.209 – Disclosure of Industry Group Participation

(a) Planned Meeting Disclosure Requirement.

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

(b) Post Meeting Disclosure Requirement.

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

(c) Required Disclosures under this rule shall include:

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

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

Reasons for recommendation.

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

Conclusion on Rule Recommendation #6

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

RULE RECOMMENDATION #7

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

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

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

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

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

Recommended language addition I would suggest would be as follows:

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

(a) Right to Payoff.

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

(b) Electronic Signatures.

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

(c) Promulgated Forms.

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

(d) Prohibition Against Exclusive Platforms.

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

(e) Public Payoff Submission Email.

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

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

(g) Time to Respond.

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

(h) Enforcement.

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

Reasons for recommendation.

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

Conclusion on Rule Recommendation #7

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

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

RULE RECOMMENDATION #8

Uniform Disclosure Forms

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

Recommended language change would be as follows:

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

Reasons for recommendation.

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

Conclusion on Rule Recommendation #8

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

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

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

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

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

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

Best Regards,



Andre Cardenas
Panacea Lending, LLC

Cc: Rep. Mark Dorazio, mark.dorazio@house.texas.gov
Caleb Cashdollar, caleb.cashdollar@house.texas.gov
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PANACEA

LENDING, LLC

10010 San Pedro Ave, Suite 120 | SAN ANTONIO, TEXAS 78216

7 Oct 2025

Sent Via E-mail
Office of Consumer Credit Commissioner
rule.comments@occc.texas.gov

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

Dear Commissioners and Staff of the Texas Office of Consumer Credit Commissioner,

First, I want to thank the OCCC for its continued work in reviewing and updating rules under the Texas Administrative Code, Title 7, Part 5, Chapter 89 concerning Property Tax Lenders. I recognize the time and complexity involved in this process and appreciate the opportunity to participate constructively.

That said, I must respectfully express concern with the recent proposed changes, particularly the omission of nearly all the rule recommendations my team submitted more than 2 months ago. While I was encouraged to see the OCCC include language acknowledging a property owner's right to obtain a payoff, the absence of the supporting provisions we submitted leaves the same loopholes in place and does not meaningfully protect consumers, including the protected class or empower the OCCC to enforce compliance.

1. Payoff Practices – Continuing Harm Through Incomplete Rules

The revised draft merely reiterates an existing right to request a payoff but does not close the enforcement gaps that have allowed certain lenders to delay, deny, or obstruct payoff requests.

In practice, some property tax lenders continue to:

- Claim they cannot validate or verify payoff authorization.
- Wait until the seventh day to mail payoff statements—often to the borrower rather than the requester.
- Demand unnecessary or irrelevant documentation to restart the seven-day clock; and
- Require duplicate forms or impose arbitrary conditions not supported by statute.

These tactics cause unnecessary financial harm to consumers, increase transaction costs, and disrupt refinancing efforts. Without specific prohibitions against these practices, the proposed rule changes fail to correct the problem.

During my discussions with the OCCC, staff indicated that they were “**limited in the number of rules**” they could submit or consider at this time. However, no citation, statute, or source was provided to explain the nature or authority of that limitation, and no such restriction was

disclosed during the July rule review notice. If such a limitation exists, transparency regarding who imposed it—and under what authority—is necessary to preserve confidence in the OCC's independence and integrity.

2. Privacy and Data Protection (GLBA Compliance)

It was raised during discussion that lenders should be compelled to provide nonpublic personal information—specifically, borrower phone numbers and email addresses—as part of payoff communications.

We strongly oppose this and do **not** provide this information in compliance with the **Gramm-Leach-Bliley Act (GLBA)**. Sharing nonpublic customer information without consent would constitute a privacy violation. Panacea Lending made a conscious compliance decision to **limit the disclosure of personal borrower data** to third parties and competitors, as required under federal privacy law. No lender should be compelled to violate federal law to satisfy a competitor's convenience.

3. E-Signatures and Technology

Some stakeholders have expressed concern over our use of a HIPAA-compliant e-signature platform instead of more familiar names like DocuSign and AdobeSign. There are hundreds of e-signature platforms on the market, and all must meet the same functional and security standards.

Our selected software provides stronger user authentication, complete audit trails, encrypted records, and robust access controls. Though originally developed for the medical industry, its compliance standards exceed those required under GLBA for financial transactions.

As I explained during prior discussions: **the origin of a tool does not define its proper or effective use**. Listerine began as a floor cleaner, and Teflon was once used in nuclear reactors—but both later became trusted household products for totally different uses. What matters is compliance and performance, not brand recognition.

4. Payoff Authorization Verification and "Safe Harbor"

Concerns have been raised about the inability to validate or verify payoff authorizations. These concerns are **not genuine**.

No complaint has ever been filed against Panacea Lending for invalid payoff requests. Yet we have had **over 200 payments withheld outright** and countless others unreasonably delayed under the pretext of "verification."

A practical, consumer-friendly solution would be for the OCC to adopt a **"Safe Harbor" rule**—establishing that payoff authorizations received from a **licensed lender** are presumed valid unless proven otherwise. This would reduce unnecessary delays while protecting against fraud. While I understand that the OCC may have concerns about preempting federal law, there is another lawful alternative:

Require **compulsory reporting** any time a tax lender rejects a payoff authorization for alleged invalidity. In that event, the denying lender would be required to file a complaint with the OCC documenting the reason for rejection. This approach promotes transparency, allows the OCC to identify potential bad actors, and ensures that legitimate fraud concerns are formally investigated—without exposing nonpublic borrower data in violation of GLBA.

5. Industry Misrepresentations on Payoff Timelines

At the recent stakeholder meeting, certain competitors argued that seven days are needed to prepare payoff statements because their systems lack sophistication or they must manually verify balances in foreclosure. These statements are demonstrably false.

The same lenders regularly originate and refinance loans within hours, often boasting about this speed in their own marketing. OCC audits and complaint records confirm that payoff statements can be—and routinely are—generated within **hours**, not days. The three-day requirement we proposed is more than reasonable, aligns with existing operational capacity,

and would bring consistency to the industry. In my response if a file is in foreclosure that it is understandable you still need to get current legal fees from the collection firm. This could easily be a situation where a payoff in litigation is carved out of the 3 day rule allowing for extra time in certain circumstances.

6. Fairness and Due Process

The OCCC previously committed to providing a written explanation of why certain rules were not selected. That response has not been provided, yet we now face a **5:00 p.m. deadline** to promote our proposals. Without the agency's stated reasoning and defined limitations, we are unable to fully address or rebut its position beyond this written response. This lack of procedural clarity, though likely unintentional, risks creating the appearance of unfair treatment and undermines confidence in the process.

Therefore, I respectfully and firmly request that the OCCC:

1. **Reconsider and adopt** the full set of proposed rules submitted by Panacea Lending, LLC.
2. **Make adjustments** to eliminate verification and validation concerns for payoff requests.
3. **Provide a written explanation** for any rules excluded from consideration that protects consumers.
4. **Clarify** the source, scope, and authority of any limitation on the number of rules the OCCC may consider or advance during this rulemaking cycle.

These reforms are not burdensome; they are essential. They protect Texans from unnecessary financial harm, ensure fair competition among lenders, and strengthen the OCCC's ability to carry out its consumer protection mission.

I submit these rules respectfully and in good faith, with the intent to support the OCCC in fulfilling its statutory duty to safeguard the public interest. Thank you for your time, attention, and continued commitment to transparency, fairness, and accountability in Texas financial regulation.

Respectfully submitted,
Andre Cardenas, COO
Panacea Lending, LLC