



CREDIT ACCESS BUSINESS REGULATION FIRST READING ORDINANCE



July 28, 2015



Payday Loans



Payday lending

Cash advance on person's next paycheck. Most payday lenders also provide cash advance with car's title as collateral.

Interest rates, when fees are included, often exceed 500 percent annual percentage rate (APR).

TML started effort in 2013 to limit payday loans



Credit Access Business Ordinances in Texas

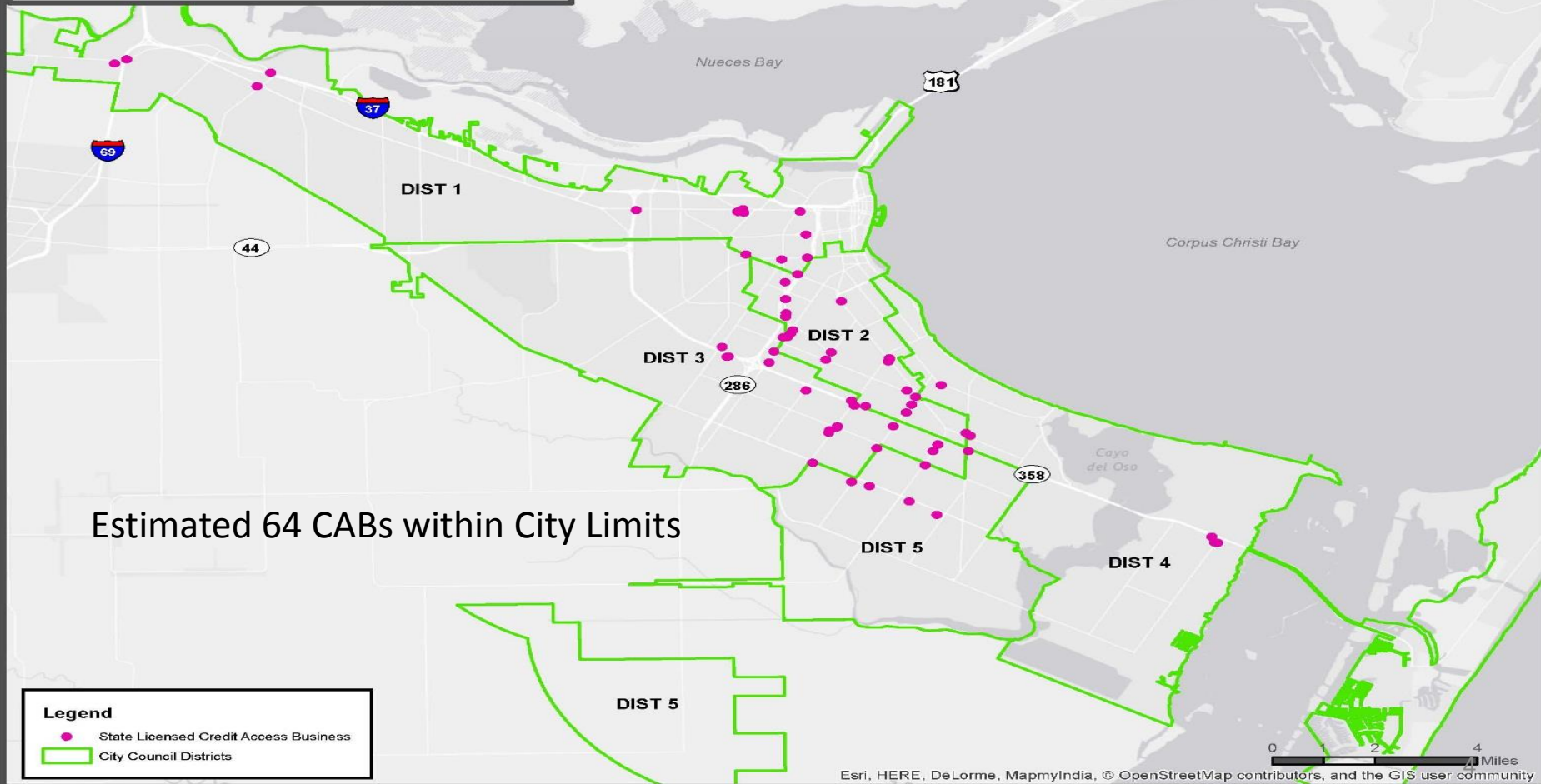


1. Austin
2. Amarillo
3. Angleton
4. Balcones Heights
5. Baytown
6. Bellaire
7. Bryan
8. Brownsville
9. College Station
10. Dallas
11. Denton
12. Dickinson
13. El Paso
14. Flower Mound
15. Galveston
16. Garland
17. Houston
18. Midland
19. San Antonio
20. Sequin
21. Somerset
22. South Houston
23. Universal City
24. West University Place
25. Willis

Represents 28.73 percent of total Texas population

City of Corpus Christi

State-Licensed Credit-Access Businesses



Estimated 64 CABs within City Limits

Legend

- State Licensed Credit Access Business
- ▭ City Council Districts



Corpus Christi MSA

Aransas, Nueces & San Patricio Counties



Total # of consumers CCMSA per CY	2014	30,519	(3,465)	Change from 13 to 14
	2013	33,984	8,727	Change from 12 to 13
	2012	25,257		
Total # of loans CCMSA per CY	2014	47,336	(4,170)	Change from 13 to 14
	2013	51,506	12,205	Change from 12 to 13
	2012	39,301		
Total Fees CCMSA per CY	2014	\$ 29,105,800	\$ 1,693,456	Change from 13 to 14
	2013	\$ 27,412,344	\$ 9,687,666	Change from 12 to 13
	2012	\$ 17,724,678		



Corpus Christi MSA

Aransas, Nueces & San Patricio Counties



	Calendar Year	TOTAL Repossessions	TOTAL # Active Accounts During Calendar Year	Repossession Rate per 100 Active Accounts
Corpus Christi MSA	2014	761	25,622	2.97
Corpus Christi MSA	2013	446	21,296	2.09
Corpus Christi MSA	2012	436	18,922	2.30
		1,643	65,840	2.50
Total Texas	2014	53,052	1,272,372	4.17
Total Texas	2013	36,802	1,276,510	2.88
Total Texas	2012	37,062	1,176,198	3.15
		126,916	3,725,080	3.41



Ordinance Timeline



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- | | |
|------------------|--|
| October 14, 2014 | Workshop on Credit Access Businesses |
| June 16, 2015 | Executive Session on CAB ordinance litigation |
| July 28, 2015 | First Reading of CAB model ordinance |
| August 11, 2015 | Final Adoption of CAB model ordinance |
| November 2, 2015 | Proposed Implementation
(90 days after passage) |
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Compliance Program



Development Services

- Accept registration and application fee
- Issue registration certificate
- Cross-check registration with OCCC licenses
- Provide consumers with applicable complaint forms
- In-take of consumer complaint forms

City Attorney

- Encourage voluntary compliance
- Review of consumer complaints
- Enforcement will be complaint driven



Registration Highlights



- Annual Non-Refundable Registration Fee of \$50 for each physical CAB location
- List the CABs owners and their ownership interest
- If publicly traded, the name of the registered agent
- Copy of the valid state license for the CAB
- Copy of the current valid certificate of occupancy
- Any material change in the registration information must be reported within 45 days.
- Certificate of registration must be conspicuously displayed in the CAB



Key Features of Model Regulations



CAB must apply for and receive a certificate of registration from the city.

CAB must maintain complete records of all loans made by the business for at least three years and make the records available to the city for inspection upon request.

The amount of a payday loan may not exceed 20 percent of the consumer's gross monthly income.

The amount of an auto title loan may not exceed the lesser of three percent of the consumer's gross annual income or 70 percent of the retail value of the motor vehicle.



Key Features of Model Regulations



Any loan from a CAB that provides for repayment in installments may not exceed more than four installments. Proceeds from each installment must be used to repay at least 25% of the loan principal. No renewals or refinancing of installment loans are permitted.

Any loan from a CAB that provides for a single lump sum repayment may not be refinanced or renewed more than three times. Proceeds from each refinancing or renewal must be used to repay at least 25% of the loan principal.

Any loan made to a consumer within seven days of a previous loan paid by the consumer constitutes a refinancing or renewal.



Key Features of Model Regulations



The agreement between the CAB and the consumer must be written in the consumer's language of preference. CABs must maintain agreements in English and Spanish.

If the consumer cannot read, the CAB must read the entire agreement in the consumer's language of preference. In addition, every disclosure and notice required by law must be read in its entirety in the consumer's language of preference BEFORE the consumer's signs the agreement.

The CAB is required to provide consumers with references to non-profit financial education and training programs and cash assistance programs.



For More Information



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