

## **HB 2592 and HB 2594 Update**

October 2012

The Legislature passed Credit Access Business (CAB) legislation during the 2011 regular session which provides comprehensive state oversight of the industry and important new consumer protections.

The effective date of both bills was January 1, 2012.

- Rulemaking by the OCCC is substantially complete<sup>1</sup> and the agency is implementing the examination, supervision and enforcement process now.
- All stores now have “menu boards” posted in a conspicuous location describing prices and fees for all credit products and services.
- As soon as they enter the store, every customer is given a written disclosure form describing:
  - How much their loan will cost;
  - How much the loan would cost if it was refinanced several times;
  - How the cost of their loan compares to other types of loans offered by other lenders;
  - Information on how long it takes others to typically repay similar loans; and
  - Instructions on how to file a complaint with the Office of the Consumer Credit Commissioner (OCCC).
- Every CAB store must be licensed individually by the OCCC and licenses must be renewed every year.<sup>2</sup>
- Not all existing businesses were able to meet the license requirements. Over 195 license applications have already been withdrawn or rejected.
- On site examinations at CAB stores by OCCC examination teams began in April.
- The OCCC has the full range of enforcement authority over CABs, including the authority to:
  - Issue cease and desist orders against individuals for improper practices;
  - Order restitution to customers who were overcharged;
  - Impose fines for repeated violations of laws and regulations; and
  - Revoke licenses to conduct business in the state.
- CABs are required to file quarterly business activity reports by store location beginning in April of 2012.

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<sup>1</sup> Licensing, consumer disclosure notices, and data collection rules are in place. Discussions about the financial literacy trust fund are underway.

<sup>2</sup> To obtain a CAB license, an applicant must:

- Have \$25,000 in net assets per store location;
- Supply finger prints to facilitate a background check, a personal affidavit, a ten year employment history and a statement of experience from every “principal party; and
- Submit a detailed business plan and financial statements.