



# Credit Access Business (CAB) Inspection & Loan Review Process

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- Strategic Plan 2015 Goal 2.8: Implement effective code enforcement strategies to reduce nuisances and improve overall health and safety.
- Strategic Plan 2015 Goal 3.1: Provide business-friendly permitting and inspection processes.
- Strategic Plan 2015 Goal 8.1: Deliver prevention, intervention and mobilization services to promote a healthy, productive and safe community.

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# Purpose of the CAB Inspections & Reviews

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- To Enforce CAB Ordinances:
  - Ordinance 017924 (Lending)
  - Ordinance 018244 (Zoning)



# Ordinance 017924 (Lending)

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- Modeled after similar legislation passed in Dallas, Austin, and San Antonio.
- January 8, 2013 – passed and approved with an effective date of July 1, 2013.
- July 16, 2013 – amended to extend effective date to January 16, 2014.
- Establishes registration requirements and credit extension guidelines for CABs.



# Ordinance 018244 (Zoning)

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- September 16, 2014 – passed and approved
- Amended Title 20 (Zoning) to:
  - Create a new CAB and Pawnshop definition,
  - add appropriate standards and regulations for CABs,
  - allow CABs in Commercial districts by Special Permit,
  - amend parking regulations.



# Project Team

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- Executive Leadership Team:
  - Nancy Bartlett
- City Attorney's Office:
  - John Batoon
- Environmental Services:
  - Ellen A. Smyth
- 311 Call Center:
  - Diana Kirk, Denisse Arrieta
- Internal Audit Office:
  - Edmundo Calderon, Miguel Montiel, Liz De La O, Rebecca Garcia, Lyz Gonzalez, Linda Roa
- Planning and Inspections:
  - Matt McElroy, Ron Roth, Sonya Cahalan, Code Compliance Officers

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# Status of Enforcement Process

- Process established
- Training is ongoing





## CAB Inspection & Loan Review Flow Chart





# Timeline

January 5, 2015	First citizen complaint
February 18, 2015	<ul style="list-style-type: none"><li>• Inspections conducted</li><li>• Results:<ul style="list-style-type: none"><li>○ Internal Audit - loans were identified as being in compliance.</li><li>○ Planning and Inspections – both CABs were issued a “Correction Notice”</li></ul></li></ul>
February 25, 2015	Results of inspections reported to the City Attorney’s Office



# Gaps Discovered by Internal Audit

Ordinance No. 017924 (Lending) does not:

- Cap fees and interest rates,
- prohibit a consumer from getting various loans,
- Limit length of “Lump Sum” repayment loans,
- impose restrictions on lines of credit.

It does impose restrictions:

- on income to loan ratios,
- loan terms for installment loans,
- and the number of times a loan can be refinanced or renewed at each CAB.



# Example of Loan Reviewed

<b>Amount of Loan Financed</b>	<b>\$ 146.00</b>
<b>CSO* Fee (principal amount multiplied by 220.00%)</b>	<b>\$ 321.20</b>
<b>Interest (10% simple interest)</b>	<b>\$ 6.08</b>
<b>The Total Dollar Amount of the Credit (538.29% APR)</b>	<b>\$ 327.28</b>
<b>Total Payments *</b>	<b>\$ 473.28</b>

\* Credit Services Organization

\* Assuming that the borrower does not prepay loan, does not make any payments toward the principal, and does not incur any dishonored instrument fees or late charges, the borrower will end up paying a total of \$473.28 for a \$146.00 loan.



# Questions/Comments

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