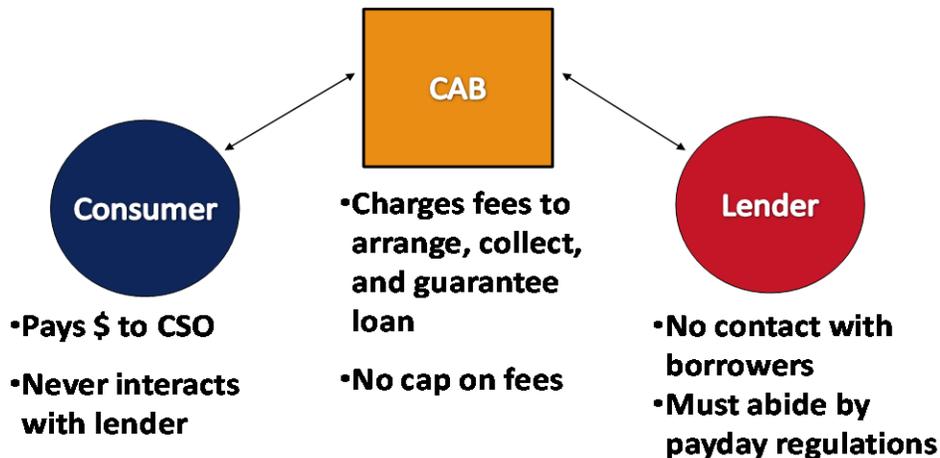


The Basics: Credit Access Businesses in Texas

- ❖ Payday and auto title storefronts register as a Credit Services Organization (CSO) under the Texas CSO Act and, as of January 2012, must be licensed as a **Credit Access Businesses (CAB)** by the Texas Office of Consumer Credit Commissioner.
- ❖ CABs operate through a legal loophole to avoid the Texas Constitution's 10% usury cap and the state's rate and fee caps for consumer loans.
- ❖ CABs collect unlimited fees (averaging \$23 for every \$100 borrowed) every two-weeks to one-month—while a third party lender receives an annualized interest payment of around 10%.

The Average Texas Borrower pays 500% interest or more for CAB loans.

The CSO/CAB Business Model



Since the advent of this lending scheme, payday and auto title storefronts have more than doubled. Today, there are over 3,400 storefronts statewide—more locations than McDonalds and Whataburger combined!



Texas Fair Lending Alliance
Fair Products. Healthy Economy.