

January 16, 2018

Ms. Laurie Hobbs  
Assistant General Counsel  
Texas Office of Consumer Credit Commissioner  
2601 N. Lamar Blvd.  
Austin, TX 78705

**Re: Motor Vehicle Recordkeeping Stakeholder Meeting**

Dear Ms. Hobbs:

On behalf of the American Financial Services Association (“AFSA”),<sup>1</sup> thank you for the opportunity to provide information and participate in the stakeholder meeting relating to motor vehicle recordkeeping requirements on January 12, 2018. We also appreciate your consideration of our previous comments on the precomment draft rules in November and applaud the decision to gather additional information before moving forward with the rule amendments.

*Retail Installment Contracts*

Licensees store retail installment contracts electronically and in paper format. The paper contracts are imaged, then boxed and stored at offsite storage facilities. Images of paper contracts and eContracts are stored electronically. While the storage costs may vary based on the licensee and vender used, there are costs related to the imaging of paper contracts, storage of physical documents, and electronic storage of documents. The imaging cost ranges from \$0.13-\$0.15 per document. The cost of physical and electronic storage ranges from \$0.31-\$0.40 per contract packet, with an additional cost for electronic storage space of approximately \$0.80-\$0.85 annually per gigabyte of information (approximately 12,000 pages of information).

*Debt Cancellation Agreements*

Licensees maintain the signature page of each debt cancellation agreement, which includes all of the customer-specific details and is the only page unique to each agreement. This page is imaged and stored with the retail installment contract at the same costs as noted above. Some licensees also separately maintain an exemplar of the entire debt cancellation agreement, along with provider information, which includes all other terms and conditions of the agreement. However, other licensees who finance debt cancellation products from multiple providers have found that

---

<sup>1</sup> Founded in 1916, the American Financial Services Association (AFSA), based in Washington, D.C., is the primary trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including direct and indirect vehicle financing, traditional installment loans, mortgages, payment cards, and retail sales finance. AFSA members do not provide payday or vehicle title loans.

maintaining sample copies for all providers and all revisions would be a very cumbersome process, particularly when full copies of the agreements can be obtained from the contract administrator or retail seller and the licensee has structured its automated refund processes to provide the consumer their refund of unearned premiums without the full debt cancellation agreement document.

The refunding process for qualifying customers varies by licensee. In some cases, as with the one mentioned above, refunds are handled by an automated process upon the closing of the account that is monitored by the payoff team supervisor. In other cases, the licensee contacts the product provider to obtain the unearned premium amount and provides the refund to the customer based on information from the provider.

#### *Storage of Electronically Signed Documents*

Electronically signed documents are stored in an electronic storage vault at an annual cost of \$0.40-\$0.65 per contract. In most cases, electronically signed documents make up a minimal portion of the storage.

#### *Privacy Notices*

Privacy notices are not stored with individual customer accounts because the notice is not unique and is provided to every customer. Licensees maintain the current version of the privacy notice, as well as past notices. Some licensees also maintain reports of the date each privacy notice is sent to a customer. The current cost for maintaining privacy notices ranges from \$19,000-\$20,000 annually, but a requirement to store a copy of every notice sent to each account could add an additional \$44,000 to the cost.

#### *Alternative Storage System Methods*

The existing systems already used by many licensees provide an alternative to maintaining complete copies of all pages in each paper file. For debt cancellation agreements, licensees could store a copy of the customer-specific terms in the file and also maintain a database of full copies of approved forms for reference or obtain complete copies of the forms with additional terms and conditions from the provider or retail sellers, as needed. Privacy notices are not unique to individual customers, and licensees could maintain a copy of each non-unique notice and the dates such notice was in use.

We expect the use and storage of documents to be primarily electronic in five to ten years, with nearly all documents created, signed, and stored electronically.

#### *Delayed Effective Date*

Any proposed rule changes effecting recordkeeping requirements would require numerous updates to existing systems. Therefore, we reiterate our previous request that, any adopted amendments include a delayed effective date, at least six months after adoption, which will allow

affected financial institutions adequate time to implement the required changes, including system enhancements, dealer communication, and several other necessary items.

Thank you in advance for your consideration. We appreciate the opportunity to work with the OCC through the rulemaking process. If you have any questions or would like to discuss this further, please do not hesitate to contact me at 952-922-6500 or [dfagre@afsamail.org](mailto:dfagre@afsamail.org).

Sincerely,

A handwritten signature in black ink, appearing to read 'Danielle Fagre Arlowe', written in a cursive style.

Danielle Fagre Arlowe  
Senior Vice President, State Government Affairs  
American Financial Services Association  
919 Eighteenth Street, NW, Suite 300  
Washington, DC 20006-5517