

## RID (Rule Interpretation Decision)

(Use additional sheets as necessary)

Type of RID	Requested Response Time	DSD Assigned RID #
Customer RID <input type="checkbox"/>	24 hours <input type="checkbox"/>	
Internal Staff RID <input checked="" type="checkbox"/>	5 working days <input type="checkbox"/>	
	As time available <input checked="" type="checkbox"/>	

**1. Project Name:** Pay Day Loan Agency

**2. Project Number:** None

(Plat #, Zoning Case #, etc.)

**3. Project Street Address:** None

(If not available nearest intersection of two public streets)

**4. Applicant Name:** Luke McClanahan, Vice President  
Sun Loan Company/ Brundage Management Co

**5. Applicant Address:** 254 Spencer Lane (78201)

**6. Applicant Telephone #:** (210) 863-9208

**7. Applicant e-mail Address:** luke@brundagemgt.com

**8. Rule in Question:** Unified Development Code Appendix A: Definitions and Rules of Interpretation - Pay Day Loan Agency:

Pay-day loan agency. An establishment providing loans to individuals in exchange for personal checks as collateral.

**9. Applicant's Position:**

(Including date position presented and name of city staff point of contact)

**Date:** 9/21/2009 **Contact:** Luke McClanahan **Contact Telephone #:** (210) 863-9208

Sun Loan Company/ Brundage Management Co. requested a permit based on a signature loan use; however the UDC is silent on this particular use and where it is permitted. Applicant does not agree that the signature loan use should be considered under the pay day loan agency definition.

**10. Staff Finding:**

(Including date of finding and name of city staff person formulating finding)

**Date:** 9/21/2009 **Contact:** Leslie Zavala **Contact Telephone #:** (210) 207-0215

The Unified Development Code does not address the specific use of signature loan agencies. A clarification is needed to provide consistency for customers and staff.

**11. Staff Position:**

(Including date position presented internally and name of city staff person formulating position)

**Date:** 9/21/2009 **Contact:** Leslie Zavala **Contact Telephone #:** (210) 207-0215

A recent code amendment was adopted by the City Council on April 3, 2008 (Ord.2008-04-03-0265.) This code amendment removed and added items to Table 311-2 Nonresidential Use Matrix and identified definitions for a pay day loan agency and check cashing facility. The purpose of this RID is to provide clarification for loan agency uses not currently defined in the Unified Development Code Appendix A: Definitions and Rules of Interpretation or listed in Table 311-2 Nonresidential Use Matrix.

Appendix A of the UDC defines pay day loan agency as an establishment providing loans to individuals in exchange for personal checks as collateral. A check cashing facility is defined as a person or business that for compensation engages in the business of cashing checks, warrants, drafts, money orders, or other commercial paper serving the same purpose. The term "check cashing facility" does not include a state or federally chartered bank, savings and loan association, credit union, or industrial loan company.

There is no definition for loan agency or bank.

Table 311-2 Nonresidential Use Matrix lists the following financial related uses:

TABLE 311-2 NON-RESIDENTIAL USE MATRIX													
	PERMITTED USE	O-1	O-2	NC	C-1	C-2	C-3	D	L	I-1	I-2	ERZD	(LBCS Function)
Service	Bank		P	P	P	P	P	P				P	2200
Service	Check Cashing Facility				S	S	S					P	2600
Service	Pay-Day Loan Agency				S	S	S					P	2600

There is no clear UDC definition for a signature loan use and the UDC is silent on all loan agency uses not identified in the table above.

It is clear from previous City Council discussions on pay day loan agencies and check cashing facilities that the intent of the recent code amendment was to require a specific use authorization for all financial non-bank uses. For purposes of this RID, non-bank uses are those identified as non-depository lenders.

Staff's position is that the requested signature loan use is a non-bank use and would require a Specific Use Authorization. Staff has determined that there is no need for additional clarification of the UDC check cashing facility definition.

In order to determine if a use is a loan agency and not a bank, Staff would defer to the State of Texas Statues, specifically, the Texas Finance Code. The Texas Department of

agency.

Banking regulates all bank facilities. The Texas Credit Union Department regulates all state credit unions. The National Credit Union Association regulates all federal credit agencies. These agencies are charged with regulating depository lenders.

The Office of the Consumer Credit Commissioner regulates all non-depository lenders (*loan-only agencies*) per Chapter 342 and Chapter 393 of the Texas Finance Code.

Based on Staff's position and for the purpose of interpretation of Table 311-2 Nonresidential Use Matrix, a bank would be identified as a facility regulated by the Texas Department of Banking, the Texas Credit Union Department and the National Credit Union Association. A pay day loan agency would be identified as any loan agency facility regulated by the Office of the Consumer Credit Commissioner.

Based on the documentation provided by the applicant, staff has determined that the use is not a check cashing facility or a bank.

**12. Departmental Policy or Action:**

(Including date of presentation of policy or action to the applicant, the effective date of the policy or action, schedule for pursuing an amendment to the code if required and signature of the Director of Development Services)

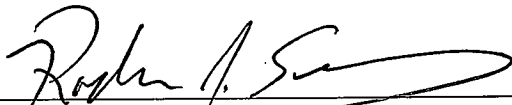
**Date of policy/action:**

**Effective Date of policy/action:**

The Director concurs with the staff recommendation to provide clarification for loan agency uses and directs the issuance of RID 84 as follows:

For the purpose of interpretation of Table 311-2 Nonresidential Use Matrix, a pay day loan agency would be identified as any loan agency facility regulated by the Office of the Consumer Credit Commissioner. A signature loan agency is considered a pay day loan

Pay-day loan agencies shall require a specific use authorization ("S") in the following zoning districts: C-1, C-2, and C-3.



Roderick Sanchez, AICP, CBO

Director of Planning & Development Services Department