STATE OF ALABAMA
STATE BANKING DEPARTMENT

FAQs for the New Statewide Database for Deferred Presentment Providers

1. **When will Alabama's new statewide database go live?**

   The target go-live date for Alabama's new statewide database has been delayed. The Department will update licensees when a new date is established.

2. **Why is Veritec not signing new clients before the go-live date?**

   Veritec's resources are focused on developing Alabama's new statewide database now. The new statewide database will be a *separate* system from Veritec's current regulatory system used by some Alabama licensees. There will be no migration of borrower transaction data from the current system to the new statewide system. Additionally, many of the efforts for DP licensees to adopt Veritec's existing regulatory database would be duplicated when they are required to prepare for the new statewide database. It would be needlessly confusing to begin using Veritec before the go-live date.

3. **What if I am already using a different regulatory database in Alabama?**

   All DP licensees must use the *same* statewide database as of the go-live date.

4. **Some DP licensees are already using Veritec's Alabama database. Will these licensees have a competitive advantage because their borrower transaction information is already on the Veritec database?**

   No. The new statewide database will be a separate system from Veritec's current regulatory system used in Alabama. All DP licensees must begin using the same statewide database as of the go-live date. Borrower transaction information for loans conducted, or rolled over, on or after the go-live date must be registered in the new statewide database as of the go-live date. All licensees will follow the same implementation process for the new statewide database; no licensee will have a competitive advantage – not even Veritec's current clients.

5. **When will I receive more information and training about how to use the new statewide database?**

   The State Banking Department will send a memorandum out to all existing DP licensees with more information. Thereafter, licensees will also receive a communication package from Veritec with details about training and implementation for the new statewide database. Training will be conducted in a manner that is accessible to all licensees in a

CENTER FOR COMMERCE • 401 ADAMS AVENUE • P.O. BOX 4600 • MONTGOMERY, AL 36103-4600
TELEPHONE (334) 242-3452 • FAX (334) 242-3500 OR BUREAU OF LOANS (334) 353-5961

timely manner prior to the go-live date.

6. **Can the new statewide database interface directly with our internal computer system?**

   Yes. Information about direct computer interface will be included in the communication package licensees receive from Veritec in April. Veritec will provide technical specifications for integration to existing licensees upon request at that time.

7. **What will be the database fee for use of the new statewide database? Can I charge this fee directly to a borrower?**

   The fee for licensee use of the new statewide database will be $0.62 (sixty-two cents) for each registered initial transaction and/or rollover transaction. This fee may not be charged to the borrower as an additional fee beyond what is allowed by the DP statute.

8. **Will I have to populate the new statewide database with historical loan information before going live?**

   No. Only transactions initially conducted, or rolled over, on or after the go-live date must be registered in the new statewide database. No DP loans made prior to the go-live date may be loaded into the new statewide database.

9. **What if a historical loan is rolled over after the go-live date? Do I have to submit information about the original loan?**

   A borrower's first loan with an agreement date on or after the go-live date, regardless of whether it is an initial loan or a rollover, will be recorded on the new statewide database by submitting a new loan request. No information concerning the original loan, having an agreement date prior to the go-live date, will be recorded on the new database.

10. **Will I be able to access the database if my internal system or internet connection is down?**

    Yes. Veritec will provide an alternative means of database access using an Interactive Voice Response System (IVR) for use when licensees otherwise do not have access. This IVR system will enable licensees to verify eligibility, open a new loan, and close an existing loan. Additional information about this process will be provided during training.

11. **How will a DP loan be closed on the new statewide database?**

    A transaction must be closed on the new statewide database when it has been paid in full. This includes when a payment is made in cash, when a borrower's check is deposited, or when an ACH is submitted.

12. What if a check or ACH used to close a loan is returned unpaid?

The transaction may be reopened on the new statewide database when a check or ACH is returned unpaid. The statute allows for an NSF fee in this circumstance, although this fee will not be tracked by the database. Additional information about this process will be provided during training.

13. Why are licensees required to close a loan on submission of an ACH or check?

This is a state requirement to limit licensees' ability to hold borrowers hostage which can occur with the other approach of closing loans only once proof of clearing is established. Licensees are able to reopen the transaction if an ACH or Check is returned for Non-Sufficient Funds (NSF).

14. Are licensees allowed to charge an NSF fee to borrowers?

Alabama laws allow for returned check fees. However, these fees will not be tracked by the database.

15. What is the Advance Fee and what is the maximum that may be charged?

The advance fee represents the amount that can be charged the borrower for fees when a new loan is initiated. The advance fee may not exceed $17.50 per $100.00 of the advance amount (i.e. 17.5 percent of the advance amount of the loan).

16. If a loan is written off due to the borrower defaulting on the loan, or due to bankruptcy, should the loan be closed on the database? If yes, what Payment Method should be selected?

Yes, the loan may be closed with Payment Method of Bad Debt.

17. If a loan is sold to a non-licensed lender third party should the loan be closed? If yes, what Payment Method should be selected?

Yes, the loan may be closed with Payment Method of Bad Debt if it is sold to a non-licensed third party. However, if the loan is sold to a different licensed lender, then the loan should be transferred to the new lender to be maintained through the remaining life of the loan.

18. What if a borrower wishes to rollover a historical loan after go-live and the borrower is not currently eligible for a new loan?

If a borrower is not eligible, the lender may allow the borrower additional time to satisfy the loan or could offer the borrower an extended payment plan. The lender's approach is at their discretion and would be documented external to the statewide database.

19. Are licensees allowed to offer an extended payment plan to borrowers if they are not eligible for a new loan as of the go-live date?

Yes, the licensee may allow the borrower additional time to satisfy the loan or could offer the borrower an extended payment plan. The lender's approach is at their discretion and would be documented external to the state database.

20. If a loan is entered with an incorrect Advance Amount, Advance Fee, or Term, what should a licensee do to fix the issue?

The loan must be administratively closed and then historically added back to the database with the correct information. Note that historic loan entry is intended to allow the loan to be added on a date after the agreement date of the loan with the correct agreement date recorded in the database. Thus, corrections that are being made on the same day as the agreement date may be entered through the normal new loan process after the prior incorrect loan has been administratively closed.

21. What should a licensee do if their software vendor is not certified to interface directly with the database by the required start date?

Licensees will be required to use the database for all licensed activity on the go-live date. If the licensee's software vendor is not certified to interface with the database, then the licensee should enter the transactions directly into the database using the freely available web browser interface at www.aldpp.com.

Please be advised that licensees may need to enter the borrower transactions into their system as well to maintain their current records. In these situations, it is highly recommended that licensees use the database to determine eligibility and record the loan *prior* to creating a transaction on their system in order to ensure compliance with the Alabama Deferred Presentment Services Act.

22. If a fraud warning is issued for a Social Security number, are licensees required to reject the deferred presentment transaction?

No, the Social Security validation is a free service that is provided as a tool to assist licensees with prevention of fraud. There may be instances when a warning is issued by the database, but the SSN provided is valid (e.g., the database will issue a warning if the SSN has been issued within the last 5 years). The licensee should take further steps to verify the borrower identity in these cases. Licensees have the ability to continue with the transaction despite the warning provided.

Additional FAQs may be added later. (May 2015)