



# STATE OF ALABAMA

## STATE BANKING DEPARTMENT



### FAQs for the Statewide Database for Deferred Presentment Providers

**1. How can I receive more information and training about how to use the statewide database?**

Licensee must first contact Veritec directly to get: their unique PIN number for training and the ACH First Time Admin ID Request Form. They can then go to [veritecs.com/training](http://veritecs.com/training), click on PIN login, and enter their PIN to access the database training site. Licensee should also have both a state of Alabama DPSA Database User Guide and Administrator guide to refer to for detailed written instructions on how to use the website and database supporting [www.aldpp.com](http://www.aldpp.com).

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

Yes. Veritec can provide technical specifications for integration to licensees upon request.

**3. What is the database fee for use of the statewide database? Can I charge this fee directly to a borrower?**

The fee for licensee use of the 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 Deferred Presentment ("DP") statute.

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

Yes. Veritec has 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 enables licensees to verify eligibility, open a new loan and close an existing loan. The IVR system is available 24 hours a day, 7 days a week, and 365 days a year. It can be reached at 1-877-238-2262. It is the licensees' responsibility to correctly update the temporary transaction made via IVR once their regular system access is restored.

**5. When should a DP loan be closed on the statewide database?**

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

**6. What if a check or ACH/debit authorization used to close a loan is returned unpaid?**

The transaction must be re-opened on the statewide database when a check or ACH/debit authorization is returned unpaid. The statute allows for an NSF fee in this circumstance.

**7. Are licensees allowed to charge an NSF fee to borrowers?**

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

**8. What if the borrower has paid off their loan but still owes just the NSF fee?**

The loan must be closed as of the date the loan was paid.

**9. 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).

**10. If a defaulted loan is charged off or forgiven, should the loan be closed in the database? If yes, what Payment Method should be selected?**

Yes, uncollectible or forgiven loans may be closed with Payment Method of "Bad Debt."

**11. 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 must 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.

**12. If a loan is sold to a 3rd party debt collector must it be closed at the time of sale?**

Yes, the loan must be closed in the database at the time of sale as "Bad Debt."

**13. If a transaction is part of a Bankruptcy when should it be closed?**

The transaction must be closed in the database as "Bad Debt" upon receipt of a Discharge statement.

**14. 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. Please note, 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. Also, if corrections are being made on the same day as the agreement date, they may be entered through the normal new loan process after the prior incorrect loan has been Administratively Closed.

**15. What should a licensee do if their software vendor is not certified to interface directly with the database?**

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](http://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, licensees should 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.

**16. 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.

**17. Are licensees required to include the confirmation sheet for a new transaction in their file for the borrower? Also, are they required to write or print the Transaction ID on the contract?**

No, licensees are not required to include a copy of the confirmation sheet for each transaction in the file for the borrower. Yes, they are required to write or print the Transaction ID on the contract.

**18. Are licensees required to deposit the check or process ACH/debit authorization on the due date?**

No, a licensee is not required to deposit a check or process ACH/debit authorization on the due date. They may hold the check or ACH, with or without a mutual agreement with the borrower.

**19. Can the Extended Payment Plan as required under § 5-18A-12(c) be more than 4 payments?**

Yes, and the statewide database must be updated. See Question Number 21 below.

**20. What is the difference between an extended payment plan and a continuous transaction?**

A continuous transaction is defined as any transaction that extends a loan with the same account without redemption in full with cash or guaranteed funds. An extended payment plan is a type of continuous transaction where partial payments are accepted at no additional fee. Fee-only rollovers and any partial payments made after the due date also create continuous transactions because the loan has not been paid in full with cash or guaranteed funds.

**21. If a customer makes a partial payment on a loan after the due date, do I have to update the database?**

Yes, if a customer makes a partial payment on a loan after the due date, licensee should update the loan to Extended Payment Plan ("XPP") status in the database. XPP status is used for all types of continuous transactions that are not fee-only renewals.

**22. Should the Rollover Transaction ID be added to the existing contract (along with the original Transaction ID) since there is no new contract? Are licensees required to put an "R" on the contract to denote a Rollover transaction?**

Licensees are not required to put an "R" on the contract. They should instead write or add the rollover's new transaction ID on the customer's contract.

**23. Can borrowers use a money order, in lieu of Cash or Debit card, to pay off transaction early (before the due date)?**

Yes, a money order can be used to pay off a transaction before the due date. Please choose "Cash" as the payment method when closing the loan in the database.

**24. Can a licensee have more than one check (or other guaranteed instrument) to secure a loan? If so, what is the return check policy if only one of the instruments was returned?**

No, a licensee cannot use more than one guarantee instrument for one transaction. Licensee should obtain a separate DP loan agreement for each check. Each agreement should have its own Transaction ID number. Licensees may only collect one NSF fee on returned checks of simultaneous loans (loans made the same day).

**25. Do licensees have to have proof of SSN/Alien ID number in their file for the borrower?**

Yes, licensees must have a reliable method of proof in the customer's file. Reliable methods include a social security card, pay stub, tax return, social security benefits letter, etc. The entire social security number or alien ID number must be visible.

**26. Will licensees be cited if they purchased a loan with a wrong SSN from another licensee?**

No, but licensees must verify a borrower's SSN when renewing or rewriting a loan purchased from another licensee. If the SSN or other information is incorrect, please update the customer's information before completing the transaction. If a large number of the purchased loans have incorrect SSN, please let the Department know.

**27. What is the process to check eligibility (etc...) if the statewide database is down?**

In the event that either the Alabama State Banking Department or Veritec notifies the licensee that the Database is unavailable and that all alternative methods (IVR or Customer Service) for checking eligibility, and/or registering a transaction to receive a transaction number are also unavailable:

- a. The licensee shall be authorized to conduct transactions during the specific period of unavailability, after receiving this written authorization via email from either the Department or Veritec.
- b. Copies of written, signed attestations must be maintained on file by the licensee in accordance with state retention requirements.
- c. Transactions created during a period of authorized unavailability must be registered with the Database within 24 hours of notification by Veritec that the Database is available; provided, however, that if the Database is unavailable for more than 24 hours, then the period for registration shall be extended by 24 hours for each additional 24-hour period of Database unavailability.

You are reminded that although the system is unavailable, it is still the responsibility of each licensee to check eligibility within the licensee's own records of all existing customers in accordance with the Alabama Deferred Presentment Services Act Title 5, Chapter 18A and regulations promulgated there under by the Department.

**28. If licensee has deposited a check or ACH/debit authorization and updated the database to show the loan as paid, is that licensee free to do another loan with that customer? What steps must licensees take to ensure compliance in this situation?**

A licensee that has deposited a check or ACH/debit authorization is not free to do a new loan with the same customer at the same location until licensee verifies that the deposit has cleared the borrower's checking account. Licensee must maintain confirmation of payment from the bank in writing before making another loan with that borrower, if the previous loan was not paid with cash or guaranteed funds.

**29. Can licensees use the Adverse Action notification instead of the declined eligibility letter?**

Licensees may choose which method they use to notify a customer of declined eligibility. Any notice should include the customer service number to Veritec so that a customer may contact the Veritec if they have questions. The number is 1-877-ADV-BAMA (1-877-238-2262). The same applies to declined eligibility for rollovers, as well.

**30. What may borrowers or licensees do if they suspect information in the database is wrong?**

If any customer has grounds to believe incorrect information has been entered into the statewide database, then they should contact Veritec at 1-877-ADV-BAMA (1-877-238-2262). If the problem cannot be resolved, then they may submit a written complaint to the State Banking Department, using the form provided on our website at: <http://banking.alabama.gov/complaint.aspx>

**31. If a borrower dies what should be done with their Open transaction(s)?**

All Open transactions for a deceased borrower must be Administratively Closed.

**32. What must be done if an Open transaction is found to be fraudulent?**

Fraudulent loans should be Administratively Closed.

**33. What happens to a licensee's access to the database once their office is closed?**

Access to the statewide database becomes "restricted" once a DP license has been surrendered, cancelled or revoked. Restricted access means licensees will have the ability only to update or close existing loans; borrower eligibility cannot be checked, nor can new loans be opened. After 90 days, any remaining Open transactions will be Closed for licensees that no longer operate in Alabama.