

Installment Lender Change in Control Guidance

Per O.C.G.A. § 7-3-32(c), no person shall become an owner of any licensee through acquisition or other change in control or become an executive officer of a licensee unless the person has first received written approval from the department. To apply for such approval, the person shall: (1) Submit an application to the department in such form as the department may prescribe; (2) Provide such other information as the department may require concerning the financial responsibility, background, experience, and activities of the applicant or its directors, owners, and executive officers; and (3) Pay a nonrefundable application fee as prescribed by rule and regulation of the department.

(d) The department may prescribe by rule and regulation additional requirements for approval of an application submitted pursuant to this Code section.

(e) The department shall approve an application properly submitted pursuant to this Code section if it finds that the applicant and its directors, owners, and executive officers have the financial responsibility, character, reputation, experience, and general fitness to warrant a belief that the business will be operated efficiently and fairly, in the public interest, and in accordance with the law.

(f) This Code section shall not apply to: (1) The acquisition of an interest in a licensee by merger or consolidation with a person licensed pursuant to this article or a person exempt from the licensure requirements of this article under Code Section 7-3-4; (2) The acquisition of an interest in a licensee by merger or consolidation with a person affiliated through common ownership with the licensee; or (3) The acquisition of an interest in a licensee by a person by bequest, descent, or survivorship or by operation of law.

(g) Any person acquiring an interest in a licensee in a transaction which is exempt pursuant to subsection (f) of this Code section shall send written notice to the department of such acquisition within 30 days of the closing of such transaction.

1. How does the Georgia Installment Loan Act define owner?

"Owner" means a person that: (A) Owns, directly or indirectly, 10 percent or more interest in a corporation or any other form of business organization; (B) Owns, directly or indirectly, 10 percent or more of the voting shares of any corporation or any other form of business organization; or (C) Exerts control, directly or indirectly, over a corporation or any other form of business organization, regardless of whether such person owns or controls such interest through one or more individuals or one or more proxies, powers of attorney, nominees, corporations, associations, limited liability companies, partnerships, trusts, joint stock companies, other entities or devices, or any combination thereof.

2. If I am acquiring a currently approved installment lender licensee and that licensee will continue its operations as normal as an approved installment lender licensee

with me as the new direct or indirect owner once the transaction closes, do I need to obtain Department approval?

Yes, if you do not meet any of the exemptions noted in O.C.G.A. § 7-3-32(f), you would need to obtain the Department's prior approval to acquire a 10% or more direct or indirect ownership interest in the installment lender licensee. This type of transaction is considered a traditional change in control where the licensee will continue to operate as normal. The only change is that the licensee will have new ownership in place that meets the 10% ownership threshold that requires vetting by the Department. In order to obtain Department approval, a complete change in control application must be submitted via NMLS.

3. How do I notify the Department of such changes in control?

Notification of traditional changes in control should be submitted via NMLS by an amendment to the company's MU1 along with a notification letter uploaded to the company's Document Uploads section in NMLS. In addition to submitting an amendment and notification in NMLS, you must submit a complete change in control application. The requirements for a change in control application can be found on the NMLS Resource Center under [Georgia's Amendment Requirements Checklist](#).

4. If I just want to buy a licensee's book of business and service the loans, do I have to submit a change in control application?

No, a change in control application is not required to buy a book of business and service the installment loans. However, your company must obtain an installment lender license prior to acquiring and/or servicing the loans of a non-affiliated entity as the installment lender definition includes advertising, soliciting, offering, making, or servicing installment loans per O.C.G.A. § 7-3-3(6).

5. If I am acquiring the office locations of a licensee, what type of application do I need to submit?

(a) In order to operate installment lender office locations, the company acquiring the locations must be licensed as an installment lender. If your company is not already licensed as an installment lender, it must apply for an installment lender license and submit branch applications for the currently approved office locations it is acquiring. The applications must be approved the same day that your company closes the acquisition transaction and operates the location(s). Therefore, the Department requests at least 30 days' notice by filing the applications in NMLS at least 30 days prior to the acquisition's expected closing date. A notification letter should also be uploaded to your company's Document Uploads section in NMLS to notify the Department of the details of the transaction and the parties involved. Please include the NMLS # of the licensee whose locations your company is acquiring along with a list of the locations and each location's NMLS # that you are acquiring. The licensee that is selling its locations must withdraw its locations in NMLS once your company's branch applications are approved so that two

separate licensees do not appear to be operating from the same location. If the licensee that is selling its locations is no longer going to continue operating as an installment lender once the transaction closes, it must also withdraw its installment lender license.

(b) If your company is already licensed as an installment lender, in order to acquire another licensee's approved office locations, your company would just need to submit branch applications for the office locations it wishes to acquire. The applications must be approved the same day that your company closes the acquisition transaction and operates the location(s). Therefore, the Department requests at least 30 days' notice by filing the applications in NMLS at least 30 days prior to the acquisition's expected closing date. A notification letter should also be uploaded to your company's Document Uploads section in NMLS to notify the Department of the details of the transaction and the parties involved. Please include the NMLS # of the licensee whose locations your company is acquiring along with a listing of the locations and each location's NMLS # that you are acquiring. The licensee that is selling its locations must withdraw its locations in NMLS once your company's branch applications are approved so that two separate licensees do not appear to be operating from the same location. If the licensee that is selling its locations is no longer going to continue operating as an installment lender once the transaction closes, it must also withdraw its installment lender license.

6. Do I need to submit a new convenience and advantage questionnaire when acquiring a licensee and/or its additional office locations?

As long as the licensee and/or the licensee's additional office locations are still in an approved status in NMLS, no, it is not required to submit a newly completed Convenience and Advantage Questionnaire.

7. Where can I find the application requirements for a new installment lender company license application and/or branch application?

The application requirements for a new installment lender company license and/or a branch application can be found on the NMLS Resource Center under the Checklist Compiler for [Georgia's New Application Checklist Requirements](#).

8. What happens if I do not obtain prior approval before acquiring a 10% or more ownership interest in an installment lender licensee or acquiring and operating installment lender office locations?

Failure to obtain prior approval before acquiring a 10% or more ownership interest in an installment lender licensee or acquiring and operating installment lender office locations may subject you to administrative fines and further administrative action by the Department. You can refer to Department Rules in Chapter 80-14 that are linked on the Department's website under the [Installment Lender Laws & Rules](#) section for further information on administrative penalties.