



CREDIT UNION COMMISSION RULES COMMITTEE MEETING

*Credit Union Department Building
914 East Anderson Lane
Austin Texas*

**July 18, 2024
10:00 a.m.**

AGENDA

This meeting of the Texas Credit Union Commission’s Rules Committee will be held at the Credit Union Department Building at 914 E. Anderson Ln., Austin, Texas 78752, and virtually, and is open to the public. Only onsite testimony will be allowed; however, the meeting will be transmitted live through a link on the Department’s webpage at www.cud.texas.gov on the day of the meeting, July 18, 2024, at 10:00 a.m.

An electronic copy of the agenda is now available at www.cud.texas.gov under Credit Union Commission, Commission Meetings, along with a copy of the meeting materials. A recording of the meeting will be available after July 29, 2024. To obtain a recording, please contact Isabel Velasquez at 512-837-9236.

Public comment on any agenda item or issue under the jurisdiction of the Credit Union Commission Rules Committee is allowed. Unless authorized by a majority vote of the meeting quorum, the comments of any persons wishing to address the Committee will be limited to no more than ten (10) minutes.

The Committee may discuss and/or take action regarding any item on this agenda.

<u>TAB</u>	<u>PAGE</u>
A. Call to Order (10:00 a.m.) – Chair David Shurtz	4
a. Ascertain Quorum	
b. Appoint Recording Secretary	
c. Invitation for Public Input Regarding Rulemaking for Future Consideration	
B. Receive and Approve Minutes of the Rules Committee Meeting of March 21, 2024.	8
C. Rulemaking Matters	
a. Discussion, Consideration and Possible Vote to Recommend that the Credit Union Commission Take Action on the Completed Rule Review of 7 TAC, Part 8, Chapter 151 (relating to Home Equity Lending Procedures), 7 TAC, Part 8, Chapter 152 (relating to Repair, Renovation, and New Construction on Homestead Property), and Chapter 153 (relating to Home Equity Lending), and Re-adoption of Rules.	17

TAB

PAGE

- C. Rulemaking Matters
- b. Discussion, Consideration and Possible Vote to Recommend that the Credit Union Commission Take Action on the Proposal and Publication for Comment on Amendments to 7 TAC, Part 8, Chapter 151, Section 151.1 Concerning Interpretation Procedures. 20

Adjournment

Note: This is a meeting of the Rules Committee of the Credit Union Commission; however, there may be other members of the Credit Union Commission attending this meeting. Since there might be a quorum of the Commission attending this meeting of the Commissioner Evaluation Committee, it is being posted as a meeting of the entire Commission.

Executive Session: The Credit Union Commission Rules Committee may go into executive session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551.

Meeting Recess: In the event the Committee does not finish deliberation of an item on the first day for which it was posted, the Committee might recess the meeting until the following day at the time and place announced at the time of recess.

Meeting Accessibility: Under the Americans with Disabilities Act, the Credit Union Commission will accommodate special needs. Those requesting auxiliary aids or services should notify Joel Arevalo, Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752--(512) 837-9236, as far in advance of the meeting as possible.

A

CALL TO ORDER

CREDIT UNION COMMISSION

RULES COMMITTEE

Committee Members

- *David F. Shurtz, Chair*
- *Liz Bayless, Vice Chair*
- *Beckie Stockstill Cobb*
- *Jim Minge, Ex-Officio*

Legal Counsel

- *Karen L. Miller*

Staff

- *Michael S. Riepen*
- *Robert W. Etheridge*
- *Isabel Velasquez*

FUTURE COMMITTEE MEETING DATES

The committee meets on an “as needed” or “subject to the call of the chair” schedule. If a meeting is necessary, it would normally be held the day before a regularly scheduled commission meeting.

B

RULES COMMITTEE MEETING MINUTES

A draft copy of the minutes of the Committee's meeting held on March 21, 2024, is located under ***TAB B***.

RECOMMENDED ACTION: The Department requests that the Committee approve the minutes as presented.

RECOMMENDED MOTION: I move that the minutes of the Committee's March 21, 2024, meeting be approved as presented.

**CREDIT UNION COMMISSION RULES COMMITTEE
MEETING MINUTES**

MARCH 21, 2024

A. CALL TO ORDER – Chairman David Shurtz called the meeting to order at 1:00 p.m. in the conference room of the Credit Union Department Building, Austin, Texas, pursuant to Chapter 551 of the Government Code, and declared that a quorum was present. Other members present included Liz Bayless, and Beckie Stockstill Cobb. Ex-officio Jim Minge was in attendance via videoconference. Staff members in attendance were Michael S. Riepen, Commissioner, Robert W. Etheridge, Deputy Commissioner, Karen Miller, General Counsel who will serve as legal counsel for the Committee at this meeting, and Joel Arevalo, Director of Information and Technology. Chairman Shurtz appointed Isabel Velasquez as recording secretary. The Chair inquired and the Commissioner confirmed that the notice of the meeting was properly posted with the Secretary of State (**February 26, 2024, TRD#2024001194**).

❖ **RECEIVE REQUESTS AND MOTIONS FOR EXCUSED ABSENCES** – Chair Shurtz inquired if there were any requests or motions to excuse an absence. There was none.

❖ **INVITATION FOR PUBLIC INPUT FOR FUTURE CONSIDERATION** – Chairman Shurtz invited public input on matters regarding rulemaking for future consideration by the committee. There was none.

B. RECEIVE MINUTES OF PREVIOUS MEETING (November 2, 2023)

Mrs. Cobb moved to approve the minutes of November 2, 2023, as presented. Mrs. Bayless seconded the motion, and the motion was unanimously adopted.

C. RULEMAKING MATTERS

(a) Adoption of Proposed Amendments to Rule 7 TAC, Part 6, Chapter 97, Subchapter B, Section 97.113 Concerning Fees and Charges.

Commissioner Riepen explained that these amendments modify the operating fee rate tiers, reflecting overall credit union asset growth since the last adjustment to the fee in 2009. The amendments allow the Commissioner to adjust an operating fee (in addition to waiving it), subject to reporting requirements. He explained that the operating fee adjustments consolidate lower asset size categories, slightly reduces fees for credit unions \$1 million to \$215 million in assets, increases the base fee amount from \$200 to \$1,450, slightly increases the incremental rate to credit unions in the \$250 million to \$2 billion in assets, and sets a lower rate for assets exceeding \$6.8 billion. The largest increase is \$19,640 annually for credit unions with more than \$2 billion in assets. The fee structure continues to provide for less annual operating fees compared to the federal charter alternative (NCUA) if assets exceed \$136 million. Furthermore, he emphasized these adjustments are necessary to fund future budgeted expenditures in technology, training, staffing, and increased reserves, and support the mission of the Department.

Committee Chairman Shurtz opened the floor to the public for discussion.

❖ **Melodie Durst, Executive Director, Credit Union Coalition of Texas.**

Mrs. Durst reported the Coalition had submitted a comment letter on the proposed amendments to Rule 97.113 and wanted to go on record that the Coalition represents credit unions across the state and is appreciative of the Commission, the Rules Committee, and staff taking time to consider their comments and is aware of the time and resources that it takes to do that. She expressed being a little bit disappointed that there were a couple of items that the Department declined to comment on and have been outlined in the

preamble of the rule. She expressed concerns about the rule needing to be amended to accomplish the goals and the initiative funds that the department outlined.

❖ **Steve Gilman, First Service Credit Union, Houston, Texas.** Mr. Gilman thanked committee member Beckie Cobb for bringing up the practice of rebating a portion of the 2nd payment by the state-chartered credit unions and wondered why the subject arose in the first place. Mr. Gilman commented on looking into what the operating fee structure is and had no clue as to who is paying what. Furthermore, he noted that he did not see the Department presenting to the Committee or to the Commission a well-defined five year plan, i.e., if we would opt to stay on this track with anticipated asset growth with the current methodology, what would that generate in revenue and how would those revenues cover or not cover the needs that have been discussed as well as the need to build up your reserve and that could identify whether you even have a problem or not. Mr. Gilman made a statement that he is hearing comments that the state should structure its charges to state-chartered credit unions and not along the lines of NCUA who just recently went through the same process. At the end, Mr. Gilman suggested that the state determine its own methodology as opposed to just following in line with what the federal individuals are doing.

❖ **Suzanne Yashewski, Regulatory & Compliance Counsel, Cornerstone League.** Ms. Yashewski stated that this was a difficult issue to comment on for our members. She explained that there are two perspectives. One is a positive impact in the proposal, particularly for the smaller credit unions who would appreciate slightly lower fees assessed on them and the larger credit unions in our working group that we talked to support the initiatives and could be okay with paying more in fees if there truly is a need. They all

support the success of the Department. Ms. Yashewiski went on to talk about the underlying issue, is it necessary to do this? She went back on the issue that Melodie Durst raised, the current rule that has a 5% increase ability and perhaps higher if permitted by the Commission. In reviewing the new proposed rule, you know not only will there be more income tied to the fees, but there is still that 5%. Furthermore, on behalf of the Cornerstone credit unions, we would like to see some true reasons why the rule is necessary.

After a lengthy discussion among the committee members, Mrs. Cobb made a motion to table any recommendation to the Commission on final approval of the amendments to **7 TAC, Section 971.113** of the rule until further review is provided to the Rules Committee. Mrs. Bayless seconded the motion, and the motion was unanimously adopted.

ADJOURNMENT -- There being no other items to come before the Committee, and without objection, the meeting was adjourned at 2:15 p.m.

David F. Shurtz
Chairman

Isabel Velasquez
Recording Secretary

Distribution:

Legislative Reference Library

C

PROCEDURES FOR ADOPTING A PROPOSED RULE

1. A proposed rule is prepared by Credit Union Department staff and presented to legal counsel (Attorney General) for review.
2. The proposed rule is presented to the Commission and the Finance Commission for consideration.
3. The Commission and the Finance Commission reviews, amends, adopts, refers back to staff, or tables the proposed rule.
4. The proposed rule is adjusted by staff (if required), furnished to legal counsel, and transmitted to the *Texas Register* for publication as a "proposed" rule.
5. A 30-day comment period follows initial publication which also is made in the Department's monthly newsletter or by a special mailing to credit unions.
6. The Commission and the Finance Commission may reconsider the rule anytime after the 30-day comment period. Any comments received are considered and the rule is available for adoption as "final" if no substantive changes are made. Any substantive change will result in the rule reverting to step four.
7. The rule is adopted as "final" and transmitted to the *Texas Register* for publication as a final rule. The rule becomes effective 20 days following filing for publication.
8. The rule is published or announced through the Department's newsletter.

EMERGENCY RULES

Rules, which are approved by the commission for emergency adoption, are transmitted to the *Texas Register* for filing. These rules become effective immediately upon filing unless another effective date is specified. They can be effective only for 120 days with a renewal provision for an additional 60 days - - a maximum of 180 days. "Day one" is the day of filing or the date specified as the effective date. While these emergency rules are in effect, regular rules should be initiated using the normal procedure described above. The Department rarely adopts emergency rules.

PROCEDURES FOR REQUIRED RULE REVIEW

Section 2001.39, Government Code, requires that a state agency review and consider for re-adoption each rule not later than the fourth anniversary of the date on which the rule took effect and every four years after that date. To comply with this requirement, the Commission follows the procedure below:

1. Every four years, the Commission and the Finance Commission adopts and publishes a Rule Review Plan, which establishes a date for the required review of each existing rule.
2. At least sixty days prior to a particular rule's scheduled review date, the Department publishes notice in the Newsletter reminding interested persons of the review and encouraging comments on the rules up for review.
3. Staff reviews each rule to determine whether it is obsolete, whether the rule reflects current legal and policy considerations, and whether the rule's structure as well as the specific language used is both clear and understandable.
4. If in reviewing existing rules, staff believes certain amendments may be appropriate, proposed amendments are prepared by staff and presented to the Rules Committee for review.
5. At a public meeting, the Rules Committee accepts public testimony on each rule subject to review and considers staff recommended changes. The Committee reviews each rule and then amends the staff proposal and refers it to the Commission and the Finance Commission, refers the proposal back to staff, or refers the proposal, as recommended by staff, to the Commission and the Finance Commission.
6. The Committee's recommendation is presented to the Commission and the Finance Commission for consideration.
7. The Commission and the Finance Commission reviews, amends, approves the proposal for publications, refers it back to the Committee, or tables the proposed amendment.
8. If the Commission and the Finance Commission approves the proposal for publication, it is transmitted to the *Texas Register* for publication as a "proposed" rule amendment.
9. A 30-day comment period follows initial publication which also is announced in the Department's monthly newsletter.
10. The Commission and the Finance Commission may reconsider the rule any time after the 30-day comment period. Any comments received are considered and the rule is available for adoption as "final" if no substantive changes are made. Any substantive change will result in re-publication of the proposal.

11. The rule as amended is adopted and transmitted to the *Texas Register* for publication as a final rule. The rule becomes effective 20 days following filing for publication.
12. The amended rule is announced through the Department's newsletter and copies are made available to credit unions.

RULEMAKING MATTERS

The Committee will discuss and possibly vote on potential recommendations to the Credit Union Commission and the Finance Commission concerning the following items:

- a. Discussion, Consideration and Possible Vote to Recommend that the Commission take action on the completed Rule Review of 7 TAC, Part 8, Chapter 152 (relating to Repair, Renovation, and New Construction on Homestead Property), and Chapter 153 (relating to Home Equity Lending), and Re-adoption of Rules.
- b. Discussion, Consideration and Possible Vote to Recommend that the Commission take action on the Proposal and Publication for Comment on Amendments to 7 TAC, Part 8, Chapter 151, Section 151.1 concerning Interpretation Procedures.

RECOMMENDED ACTION: The Department recommends that the Committee take action as indicated on the documents contained on ***TAB C***.

MANDATORY RULE REVIEW

C. (a) Discussion, Consideration and Possible Vote to Recommend that the Commission take action on the completed Rule Review of 7 TAC, Part 8, Chapter 151 (relating to Home Equity Lending Procedures), 7 TAC, Part 8, Chapter 152 (relating to Repair, Renovation, and New Construction on Homestead Property), and Chapter 153 (relating to Home Equity Lending), and Re-adoption of Rules.

BACKGROUND: The Finance Commission of Texas and the Texas Credit Union Commission (commissions) have completed the rule review of the following chapters in Texas Administrative Code, Title 7, Part 8, in their entirety: Chapter 151, concerning Home Equity Lending Procedures; Chapter 152, concerning Repair, Renovation, and New Construction on Homestead Property; and Chapter 153, concerning Home Equity Lending. The rule review was conducted under Texas Government Code, §2001.039.

Notice of the review of 7 TAC Chapters 151, 152, and 153 was published in the March 29, 2024, issue of the *Texas Register* (49 TexReg 2095). The commissions received no official comments in response to that notice. The commissions believe that the reasons for initially adopting the rules contained in these chapters continue to exist.

Before publishing notice of the review in the *Texas Register*, the Joint Financial Regulatory Agencies (Texas Department of Banking, Department of Savings and Mortgage Lending, Office of Consumer Credit Commissioner, and Texas Credit Union Department) issued an informal advance notice of the rule review to stakeholders. The agencies received three informal pre-comments in response to the advance notice. The agencies appreciate the thoughtful input provided by stakeholders.

In informal pre-comments, two industry attorneys recommended amendments to 7 TAC §153.8 (relating to Security of the Equity Loan: Section 50(a)(6)(H)) to provide guidance for factually complex situations involving multiple-unit homestead property, homestead ownership by unmarried cotenants, and multigenerational homestead ownership. At this time, it is unclear whether further rule text addressing these factually complex situations is appropriate in addition to the current text of §153.8. The agencies intend to monitor this issue to determine whether interpretation amendments may be appropriate in the future.

As a result of the rule review, the commissions find that the reasons for initially adopting the rules in 7 TAC Chapters 151, 152, and 153 continue to exist, and readopt these chapters in accordance with the requirements of Texas Government Code, §2001.039.

RECOMMENDED ACTION: The Department requests that the Committee recommend to the Commission approve the completed rule review of 7, TAC, Part 8, Chapter 151 (relating to Home Equity Lending Procedures), 7 TAC, Part 8, Chapter 152 (relating to Repair, Renovation, and New Construction on Homestead Property), and Chapter 153 (relating to Home Equity Lending), and Re-adoption of Rules.

RECOMMENDED MOTION: I move that the Committee recommend that the Commission take action to approve the completed rule review of 7 TAC, Part 8, Chapter 151, 7 TAC, Part 8, Chapter 152 and 7 TAC, Part 8, Chapter 153, and re-adoption of rules.

Title 7. Banking and Securities

Part 8. Joint Financial Regulatory Agencies

Chapter 151. Home Equity Lending Procedures

Chapter 152. Repair, Renovation, and New Construction on Homestead Property

Chapter 153. Home Equity Lending

The Finance Commission of Texas and the Texas Credit Union Commission (commissions) have completed the rule review of the following chapters in Texas Administrative Code, Title 7, Part 8, in their entirety: Chapter 151, concerning Home Equity Lending Procedures; Chapter 152, concerning Repair, Renovation, and New Construction on Homestead Property; and Chapter 153, concerning Home Equity Lending. The rule review was conducted under Texas Government Code, §2001.039.

Notice of the review of 7 TAC Chapters 151, 152, and 153 was published in the March 29, 2024, issue of the *Texas Register* (49 TexReg 2095). The commissions received no official comments in response to that notice. The commissions believe that the reasons for initially adopting the rules contained in these chapters continue to exist.

Before publishing notice of the review in the *Texas Register*, the Joint Financial Regulatory Agencies (Texas Department of Banking, Department of Savings and Mortgage Lending, Office of Consumer Credit Commissioner, and Texas Credit Union Department) issued an informal advance notice of the rule review to stakeholders. The agencies received three informal precomments in response to the advance notice. The agencies appreciate the thoughtful input provided by stakeholders.

In informal precomments, two industry attorneys recommended amendments to 7 TAC §153.8 (relating to Security of the Equity Loan: Section 50(a)(6)(H)) to provide guidance for factually complex situations involving multiple-unit homestead property, homestead ownership by unmarried cotenants, and multigenerational homestead ownership. At this time, it is unclear whether further rule text addressing these factually complex situations is appropriate in addition to the current text of §153.8. The agencies intend to monitor this issue to determine whether interpretation amendments may be appropriate in the future.

As a result of internal review by the agencies, the commissions have determined that certain revisions are appropriate and necessary in 7 TAC Chapter 151. Those proposed changes are published elsewhere in this issue of the *Texas Register*.

As a result of the rule review, the commissions find that the reasons for initially adopting the rules in 7 TAC Chapters 151, 152, and 153 continue to exist, and readopt these chapters in accordance with the requirements of Texas Government Code, §2001.039.

INTERPRETATION PROCEDURES

C. (b) Discussion, Consideration and Possible Vote to Recommend that the Commission take action on the Proposal and Publication for Comment on Amendments to 7 TAC, Part 8, Chapter 151, Section 151.1 Concerning Interpretation Procedures.

BACKGROUND: The Finance Commission of Texas and the Texas Credit Union Commission (commissions) propose amendments to §151.1 (relating to Interpretation Procedures) in 7 TAC Chapter 151, concerning Home Equity Lending Procedures.

The rules in 7 TAC Chapter 151 govern the procedures for requesting, proposing, and adopting interpretations of the home equity lending provisions of Texas Constitution, Article XVI, Section 50 ("Section 50"). In general, the purpose of the proposed rule changes to 7 TAC Chapter 151 is to implement changes resulting from the commissions' review of the chapter under Texas Government Code, §2001.039. Notice of the review of 7 TAC Chapter 151 was published in the *Texas Register* on March 29, 2024 (49 TexReg 2095). The commissions received no official comments in response to that notice.

The rules in 7 TAC Chapter 151 are administered by the Joint Financial Regulatory Agencies ("agencies"), consisting of the Texas Department of Banking, Department of Savings and Mortgage Lending, Office of Consumer Credit Commissioner, and Texas Credit Union Department. The agencies distributed an early pre-comment draft of proposed changes to interested stakeholders for review. The agencies received **four** informal pre-comments on the rule text draft. The agencies appreciate the thoughtful input provided by stakeholders.

Currently, §151.1(d) describes the requirements for formally requesting a home equity interpretation. Proposed amendments to §151.1(d)(1) would specify that any petition for the Finance Commission to issue a home equity interpretation must be sent to the Department of Savings and Mortgage Lending, replacing current language that refers to the Office of Consumer Credit Commissioner. The Department of Savings and Mortgage Lending has the primary responsibility to license and regulate companies providing mortgage loans in Texas. The agencies anticipate that the Department of Savings and Mortgage Lending will take a leading role in coordinating future home equity interpretations.

RECOMMENDED ACTION: The Department requests that the Committee recommend the Commission approve the proposed amendments.

RECOMMENDED MOTION: I move that the Committee recommend that the Commission approve the Proposed Amendments to 7 TAC, Part 8, Chapter 151, Section 151.1 concerning Interpretation Procedures.

Title 7, Texas Administrative Code
Part 8. Joint Financial Regulatory Agencies
Chapter 151. Home Equity Lending Procedures

The Finance Commission of Texas and the Texas Credit Union Commission (commissions) propose amendments to §151.1 (relating to Interpretation Procedures) in 7 TAC Chapter 151, concerning Home Equity Lending Procedures.

The rules in 7 TAC Chapter 151 govern the procedures for requesting, proposing, and adopting interpretations of the home equity lending provisions of Texas Constitution, Article XVI, Section 50 ("Section 50"). In general, the purpose of the proposed rule changes to 7 TAC Chapter 151 is to implement changes resulting from the commissions' review of the chapter under Texas Government Code, §2001.039. Notice of the review of 7 TAC Chapter 151 was published in the *Texas Register* on March 29, 2024 (49 TexReg 2095). The commissions received no official comments in response to that notice.

The rules in 7 TAC Chapter 151 are administered by the Joint Financial Regulatory Agencies ("agencies"), consisting of the Texas Department of Banking, Department of Savings and Mortgage Lending, Office of Consumer Credit Commissioner, and Texas Credit Union Department. The agencies distributed an early precomment draft of proposed changes to interested stakeholders for review. The agencies did not receive any informal precomments on the rule text draft.

Currently, §151.1(d) describes the requirements for formally requesting a home equity interpretation. Proposed amendments to §151.1(d)(1) would specify that any petition for the Finance Commission to issue

a home equity interpretation must be sent to the Department of Savings and Mortgage Lending, replacing current language that refers to the Office of Consumer Credit Commissioner. The Department of Savings and Mortgage Lending has the primary responsibility to license and regulate companies providing mortgage loans in Texas. The agencies anticipate that the Department of Savings and Mortgage Lending will take a leading role in coordinating future home equity interpretations.

Wendy Rodriguez (Deputy Commissioner, Texas Department of Banking), Antonia Antov (Director of Operations, Department of Savings and Mortgage Lending), Mirand Diamond (Director of Licensing, Finance and Human Resources, Office of Consumer Credit Commissioner), and Michael Riepen (Commissioner, Texas Credit Union Department) have determined that for the first five-year period the proposed rule changes are in effect, there will be no fiscal implications for state or local government as a result of administering the rule changes.

Wendy Rodriguez (Deputy Commissioner, Texas Department of Banking), William Purce (Director of Mortgage Regulation, Department of Savings and Mortgage Lending), Karl Hubenthal (Assistant Director of Exam Operations, Office of Consumer Credit Commissioner), and Michael Riepen (Commissioner, Texas Credit Union Department) have determined that for the first five-year period the proposed rule changes are in effect, the public benefit anticipated as a result of the changes will be

that the commissions' rules will provide clear guidance for interested parties to file a formal petition for a home equity interpretation.

The agencies do not anticipate any economic cost to persons who are required to comply with the amendments as proposed.

The agencies do not anticipate any adverse economic effect on small businesses, micro-businesses, or rural communities resulting from this proposal. But in order to obtain more complete information concerning the economic effect of these rule changes, the agencies invite comments from interested stakeholders and the public on any economic impacts on small businesses, as well as any alternative methods of achieving the purpose of the proposal while minimizing adverse impacts on small businesses, micro-businesses, and rural communities.

During the first five years the proposed rule changes will be in effect, the rule will not create or eliminate a government program. Implementation of the rule changes will not require the creation of new employee positions or the elimination of existing employee positions. Implementation of the rule changes will not require an increase or decrease in future legislative appropriations to the agencies, because the agencies are self-directed, semi-independent agencies that do not receive legislative appropriations. The proposed rule changes do not require an increase or decrease in fees paid to the agencies. The proposal would not create a new regulation. The proposal would not expand, limit, or repeal an existing regulation. The proposed rule changes do not increase or decrease the number of individuals subject to the rule's applicability. The agencies do not anticipate that the proposed rule changes will have an effect on the state's economy.

Comments on the proposal may be submitted in writing to Matthew Nance, General Counsel, Office of Consumer Credit Commissioner, 2601 North Lamar Boulevard, Austin, Texas 78705 or by email to rule.comments@occc.texas.gov. To be considered, a written comment must be received on or before the 30th day after the date the proposal is published in the *Texas Register*. After the 30th day after the proposal is published in the *Texas Register*, no further written comments will be considered or accepted by the commissions.

The rule changes are proposed under Texas Finance Code, §11.308 and §15.413, which authorize the commissions to issue interpretations of Texas Constitution, Article XVI, §50(a)(5) - (7), (e) - (p), (t), and (u), subject to Texas Government Code, Chapter 2001. The rule changes are also proposed under Texas Government Code, §2001.021(b), which authorizes state agencies to adopt rules prescribing the procedure for submitting petitions for rulemaking.

The constitutional and statutory provisions affected by the proposal are contained in Texas Constitution, Article XVI, §50, and Texas Finance Code, Chapters 11 and 15.

§151.1. Interpretation Procedures

(a) Issuing interpretations. The Finance Commission and Credit Union Commission may on their own motion issue interpretations of Section 50(a)(5) - (7), (e) - (p), and (t), Article XVI of the Texas Constitution. The commissions will propose and adopt interpretations in accordance with the rulemaking requirements of Texas

Government Code, Chapter 2001, Subchapter B.

(b) Agency recommendations. The Office of Consumer Credit Commissioner, Department of Banking, or Department of Savings and Mortgage Lending may recommend proposed interpretations to the Finance Commission. The Credit Union Department may recommend proposed interpretations to the Credit Union Commission. The four agencies may seek informal input from stakeholders and the other agencies before recommending a proposed interpretation to the commissions.

(c) Informal request for interpretation. A person may submit an informal request for an interpretation of Section 50(a)(5) - (7), (e) - (p), or (t), Article XVI of the Texas Constitution. An informal request may be submitted to the Office of Consumer Credit Commissioner, Department of Banking, Department of Savings and Mortgage Lending, or Credit Union Department. A request should:

(1) cite the specific provision of the Texas Constitution to be interpreted;

(2) explain the factual and legal context for the request; and

(3) explain the requestor's opinion of how the request should be resolved.

(d) Petition for rulemaking. An interested person may formally request an interpretation of Section 50(a)(5) - (7), (e) - (p), or (t), Article XVI of the Texas Constitution by submitting a petition to initiate rulemaking.

(1) Any petition for the Finance Commission to issue an interpretation must be submitted to the Department of Savings

and Mortgage Lending [~~Office of Consumer Credit Commissioner~~] and must include the information required by §9.82 of this title (relating to Petitions to Initiate Rulemaking Proceedings).

(2) Any petition for the Credit Union Commission to issue an interpretation must be submitted to the Credit Union Department and must include the information required by §97.500 of this title (relating to Petitions to Initiate Rulemaking Proceedings).

Certification

The agency certifies that legal counsel has reviewed the proposal and found it to be within the agency's legal authority to adopt.

Issued in Austin, Texas on June 21, 2024, and July 19, 2024.

Matthew J. Nance
General Counsel
Office of Consumer Credit Commissioner
Joint Financial Regulatory Agencies