



CREDIT UNION COMMISSION MEETING

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

**Friday, December 5, 2025
9:00 a.m.**

AGENDA

This meeting of the Texas Credit Union Commission will be held at the Credit Union Department Building at 914 E. Anderson Ln., Austin, Texas 78752 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, December 5, 2025 at 9:00 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 December 5, 2025. To obtain a recording, please contact Devon Bijansky at 512-837-9236.

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

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

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Executive Session: The Credit Union Commission 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 Commission does not finish deliberation of an item on the first day for which it was posted, the Commission 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 Devon Bijansky, 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

TEXAS CREDIT UNION COMMISSION MEMBERS

- *Jim Minge, Chair*
- *Becky L. Ames, Vice Chair*
- *David Bleazard*
- *Karyn C. Brownlee*
- *Beckie Stockstill Cobb*
- *Cody R. Huggins*
- *Sara Jones Oates*
- *David F. Shurtz*
- *Kay Rankin-Swan*

Legal Counsel

- *Devon Bijansky*

Staff

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

B

CREDIT UNION COMMISSION MEETING MINUTES

Draft copies of the minutes for the September 16, 2025, meeting, and the corresponding follow-up action report, are located under **Tab B**.

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

RECOMMENDED MOTION: I move that the minutes of the Commission's special meeting of September 16, 2025, be approved as presented.

**CREDIT UNION COMMISSION MEETING MINUTES
(SPECIAL MEETING)**

**Credit Union Department Building
914 East Anderson Lane, Austin, Texas
September 16, 2025**

A. CALL TO ORDER -- Chair Jim Minge called the meeting to order at 9:09 a.m. in the conference room of the Credit Union Department Building, Austin, Texas, pursuant to Chapter 551 of the Texas Government Code, and declared that a quorum was present. Other members present included Becky Ames, Karyn Brownlee, and David Shurtz. Cody Huggins and Kay Rankin-Swan were in attendance via videoconference. The Chair announced that Assistant Attorney General Kathy Johnson will serve as legal counsel for the commission. Representing the Department staff were Commissioner Michael S. Riepen, Deputy Commissioner Robert W. Etheridge, Director of Information and Technology Joel Arevalo, and Executive Assistant Isabel Velasquez. Chair Minge 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 (**September 2, 2025 TRD#2025005077**).

❖ RECEIVE REQUESTS AND MOTIONS FOR EXCUSED ABSENCES --

Chair Minge inquired if there were any requests or motions to excuse an absence. Mrs. Ames moved to excuse commission members David Bleazard, Beckie Stockstill Cobb, and Sara Jones Oates from the Commission meeting on September 16, 2025. Mrs. Brownlee seconded the motion, and the motion was unanimously adopted.

❖ **GENERAL PUBLIC COMMENT** -- Chair Minge invited public input on matters that were not scheduled items on the agenda for possible future consideration by the Commission. No public comments were received.

B. MINUTES OF PREVIOUS MEETINGS (July 18, 2025) -- The Chair referred the members to the draft minutes of the previous meetings included in the agenda packet and asked for any proposed edits. Hearing none, the Chair asked for a motion to approve the minutes. Mr. Shurtz moved for approval of the minutes of the July 18, 2025 meeting, as presented. Mrs. Ames seconded the motion, and the Commission carried the motion unanimously.

C. CUD HIRING PLAN & SELECTION PROCESS FOR CREDIT UNION DEPARTMENT COMMISSIONER – IMPLEMENTATION.

The Commission entered Executive Session at 9:11 a.m., for an interview with the finalist for the position of Credit Union Commissioner.

At 9:37 a.m., the Commission returned to open session. Chair Minge inquired if there were any members who wished to bring forth any motion related to the Commission's discussion in Executive Session.

Mrs. Brownlee moved that Robert W. Etheridge be offered the position of Credit Union Commissioner at an annual salary of \$220,000.

Chair Minge reminded the Commission that by statute, the appointment of a Commissioner requires an affirmative vote of two-thirds of the membership of the

Commission or, at least six votes in favor of the candidate. Mr. Shurtz seconded the motion, and the motion was passed with six “ayes” and zero “no”.

D. FUTURE COMMITTEE MEETINGS: AGENDA ITEMS, ARRANGEMENTS, AND DATES. Chair Minge stated the tentative date for the next meeting would be on Friday, November 7, 2025, at 9:00 a.m.

ADJOURNMENT – There being no further business for the Credit Union Commission, Chair Minge adjourned the meeting at 9:44 a.m.

Jim Minge
Chairman

Isabel Velasquez
Recording Secretary

Distribution:

Legislative Reference Library

FOLLOW-UP ACTION REPORT CREDIT UNION COMMISSION MEETINGS

MINUTES DATE AND REFERENCE/TOPIC	FOLLOW-UP ACTION REQUIRED	STATUS (As of 11-25-2025)
<u>July 18, 2025</u>		
7 TAC Part 6, Chapter 97 Subchapter B, Section 97.113 (Fees and Charges)	Published in <i>Texas Register</i> as adopted rule	Published in <i>Texas Register</i> on 08/01/2025
7 TAC Part 6, Chapter 91 Subchapter A, Section 91.101 (Definitions and Interpretations)	Published in <i>Texas Register</i> as adopted rule	Published in <i>Texas Register</i> on 08/01/2025
7 TAC Part 6, Chapter 91 Subchapter A, Section 91.125	Published in <i>Texas Register</i> as proposed rule	Published in <i>Texas Register</i> on 08/01/2025
7 TAC Part 6, Chapter 91 Subchapter 91, Section 91.1003	Published in <i>Texas Register</i> as proposed rule	Published in <i>Texas Register</i> on 08/01/2025
7 TAC Part 6, Chapter 91 Subchapter A (General Provisions) Subchapter B (Organization Procedures) Subchapter J (Changes in Corporate Status) Subchapter L (Submission of Comments by Interested Parties)	Published in <i>Texas Register</i> as readopted rules	Published in <i>Texas Register</i> on 08/01/2025
7 TAC, Part 6, Chapter 91 Subchapter D (Powers of Credit Unions) Subchapter M (Electronic Operations) Subchapter N (Emergency or Permanent Closing of Office or Operation)	Published in <i>Texas Register</i> as readopted rules	Published in <i>Texas Register</i> on 09/05/2025

FOLLOW-UP ACTION REPORT CREDIT UNION COMMISSION MEETINGS

MINUTES DATE AND REFERENCE/TOPIC	FOLLOW-UP ACTION REQUIRED	STATUS (As of 11-25-2025)
<u>July 18, 2025</u>		
7 TAC, Part 6, Chapter 93 Subchapter A (Common Terms) Subchapter B (General Rules) Subchapter C (Appeals of Preliminary Determinations on Applications) Subchapter D (Appeals of Cease and Desist Orders and Orders of Removal) Subchapter E (Appeals of Orders of Conservation) Subchapter F (Appeal of Commissioner's Final Determination to the Commission)	Published in <i>Texas Register</i> as readopted rules	Published in <i>Texas Register</i> on 09/05/2025

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 for consideration.
3. The 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 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 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 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 refers the proposal back to staff, or refers the proposal, as recommended by staff, to the Commission.
6. The Committee's recommendation is presented to the Commission for consideration.
7. The Commission reviews, amends, approves the proposal for publications, refers it back to the Committee, or tables the proposed amendment.
8. If the 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 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.

C. RULEMAKING MATTERS

The Commission will discuss and possibly vote on the following items:

1. Adoption of Proposed Amendments:

- (a) 7 TAC, Part 6, Chapter 91, Subchapter A, Section 91.125, Accuracy of Advertising
- (b) 7 TAC, Part 6, Chapter 91, Subchapter J, Section 91.1003, Mergers/Consolidations

2. Adoption of Rule Review and Readoption of Rules:

- (a) 7 TAC, Part 6, Chapter 91, Subchapter D (Powers of Credit Unions)
- (b) 7 TAC Part 6, Chapter 91, Subchapter M (Electronic Operations)
- (c) 7 TAC, Part 6, Chapter 91, Subchapter N (Emergency or Permanent Closing of Office or Operation)
- (d) 7 TAC, Part 6, Chapter 93, Subchapter A (Common Terms)
- (e) 7 TAC, Part 6, Chapter 93, Subchapter B (Appeals from Commission Decisions, Generally)
- (f) 7 TAC, Part 6, Chapter 93, Subchapter C (Appeals of Preliminary Determinations on Applications)
- (g) 7 TAC, Part 6, Chapter 93, Subchapter D (Appeals of Cease and Desist Orders and Orders of Removal)
- (h) 7 TAC, Part 6, Chapter 93, Subchapter E (Appeals of Orders of Conservation)
- (i) 7 TAC, Part 6, Chapter 93, Subchapter F (Review and Decision by the Commission)

3. Proposal of Amendments to:

- (a) 7 TAC, Part 6, Chapter 91, Subchapter D, Section 91.401, Credit Union Ownership of Property

RECOMMENDED ACTION: The Department requests that the Commission take action as indicated in the documents contained in **Tab C**.

C.1.a. ACCURACY OF ADVERTISING

7 TAC, Part 6, Chapter 91, Subchapter A, Section 91.125, Accuracy of Advertising

BACKGROUND: The amendments clarify that advertising includes announcements and press releases and reaffirm the Commissioner's authority to prohibit the use of advertising, including postings or press releases, that are false, deceptive or misleading. The change from the text as proposed is as follows: the proposed change from ten calendar days to five business days to respond to a notice from the Commissioner under this section is not being adopted.

Notice of the proposed amendments and a request for comments was published in the August 1, 2025, issue of the *Texas Register*. There were two comments submitted regarding the proposal.

RECOMMENDED ACTION: The Department recommends that the Commission adopt the proposed amendments with the change as noted above.

RECOMMENDED MOTION: I move that the Commission adopt the proposed amendments to **7 TAC Section 91.125, Accuracy of Advertising**, without the proposed change to the number of days in subsection (d).

The Credit Union Commission adopts amendments to §91.125, Accuracy of Advertising, with one change from the proposed text as published in the August 1, 2025, issue of the Texas Register (50 *TexReg* 5027). The amendments clarify that advertising includes announcements and press releases and reaffirm the Commissioner's authority to prohibit the use of advertising, including postings or press releases, that are false, deceptive or misleading. The change from the text as proposed is as follows: the proposed change from ten calendar days to five business days to respond to a notice from the Commissioner under this section is not being adopted.

REASONED JUSTIFICATION. The amendments respond to increased use of online announcements, including in social media, as well as self-issued press releases to promote a credit union or its products, ensuring that these types of communications are held to the same standards for accuracy as traditional advertisements. The amendments improve guidance to the industry by explicitly including announcements and press releases as advertising in an effort to provide greater protection to consumers from false or misleading information.

SUMMARY OF COMMENTS AND RESPONSE. The Commission received comments regarding the proposed amendments from the Cornerstone Credit Union League (Cornerstone) and Randolph-Brooks Federal Credit Union (RBFCU). All comments, including any not specifically referenced herein, were fully considered by the Commission.

Comment: Both commenters expressed concern about the reduction in time to respond to a notice from the Commissioner under this section from ten calendar days to five business days, stating that it could be challenging for a credit union to respond within the shorter timeframe.

Response: The Commission has revised the rule to retain the existing ten calendar day timeframe for responding to a notice regarding deceptive or misleading advertising.

Comment: Both commenters expressed concern about a lack clarity regarding appeals from a cease and desist order issued pursuant to this section.

Response: The Commission notes that section 93.401 of the agency rules outlines the appeal process for cease and desist orders, which includes cease and desist orders issued under this section.

Comment: RBFCU states that misleading content is not well defined in the rule.

Response: while "misleading content" is not a defined term in the rule, the current language of subsection (b) outlines seven scenarios in which an advertisement would be deemed intentionally or negligently false, deceptive, or misleading and therefore not permitted under the rule. The amendments add announcements and press releases to the provisions regarding advertisements to make clear that those instances of intentionally or negligently false, deceptive, or misleading advertising in subsection (b) extend to those types of communications.

STATUTORY AUTHORITY. The amendments are adopted under Texas Finance Code Sections 15.402, which authorizes the Commission to adopt reasonable rules for administering Texas

Finance Code, and 15.4022, which specifically addresses its authority to adopt rules prohibiting false, misleading, or deceptive practices.

STATUTORY SECTIONS AFFECTED. The statutory provisions affected by the proposed amendments are contained in Texas Finance Code Chapter 15 and Title 3, Subtitle D specifically Finance Code Sections 122.005 and 122.151-122.156.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

§91.125. Accuracy of Advertising.

- (a) As used in this rule, an advertisement is any informational communication, including oral, written, electronic, broadcast or any other type of communication, made to members, prospective members, or to the public at large in any manner designed to attract attention to the business of a credit union.
- (b) No credit union shall disseminate or cause the dissemination of any advertisement, announcement or press release that is in any way intentionally or negligently false, deceptive, or misleading. An advertisement shall be deemed by the Commissioner to be intentionally or negligently false, deceptive, or misleading if it:
- (1) contains materially false claims or misrepresentations of material facts;
 - (2) contains materially implied false claims or implied misrepresentations of material fact;
 - (3) omits material facts;
 - (4) makes a representation likely to create an unjustified expectation about credit union products or services;
 - (5) states that the credit union's services are superior to or of a higher quality than that of another financial institution unless the credit union can factually substantiate the statement;
 - (6) states that a service is free when it is not, or contains intentionally untruthful or deceptive claims regarding costs and fees; and
 - (7) fails to disclose that membership is required to participate in or enjoy the advantage of the product or service (does not apply to advertisement to current members).
- (c) Prior to placing an advertisement, a credit union must possess credible information which, when produced, substantiates the truthfulness of any assertion, representation or omission of material fact set forth in the advertisement.
- (d) If the Commissioner notifies a credit union that an advertisement, announcement, or press release is deemed to be false, deceptive or misleading, the credit union will have ten days following the credit union's receipt of the notification to provide the Commissioner with information substantiating the truthfulness of the advertisement or notify the department of removal of the advertisement, announcement or press release. If the ~~credit union does not provide this information or the~~ Commissioner, after receipt of the information, still deems the advertisement, announcement, or press release to be false, deceptive or misleading, the Commissioner may issue a cease and desist order to the credit union to stop the use of the advertisement.



CORNERSTONE LEAGUE

*Uniting & Inspiring Credit Unions
to Advance the Greater Good*

September 2, 2025

Karen Miller, General Counsel
Credit Union Department
914 East Anderson Lane
Austin, Texas 78752-1699

Sent Via Email to: CUDMail@cu.texas.gov.

Dear Ms. Miller,

I am writing on behalf of the Cornerstone Credit Union League ["Cornerstone"]. Cornerstone presents nearly 600 state and federal credit unions in a 5-state region which includes Texas as well as Arkansas, Kansas, Missouri, and Oklahoma. In the state of Texas, we represent 334 credit unions, approximately 135 of which are Texas state chartered. Cornerstone appreciates the opportunity to comment on the proposed amendments to 7 TAC 91.125, Accuracy of Advertising and 91.1003, Mergers and Consolidations.

Proposed Amendments to 91.125, Accuracy of Advertising

Texas credit unions strongly support the concept of transparency and accuracy in advertising. The clarification that the definition of advertising includes announcements and press releases, particularly published via digital platforms and social media—is a timely update. Ensuring that all public-facing content meets the same standards of accuracy as traditional advertisements is essential to maintaining public confidence and regulatory integrity.

That said, the proposal as worded raises an issue of concern for our members. The reduction from 10 to 5 business days for a credit union to prove the truthfulness of a statement that is questioned by the Commissioner or to notify the department of removal of content in question could be a challenging timeline for credit unions. We are concerned that the shortened time frame may constrain credit union resources. Preparation of a reasoned response to a concern raised by the Commissioner is likely to prompt review by a credit union's legal and compliance team as well as executive approval in how best to proceed. To ensure credit unions have adequate time to respond, we respectfully request that the timeframe be left at 10 days per the current rule.

Secondly, some credit unions raised concern that the rule appears to lack clarity regarding whether or not they may appeal a decision by the Commissioner regarding the accuracy of an advertising piece. Therefore, we suggest adding steps for an appeal.

Proposed Amendments to 91.1003, Mergers and Consolidations

Texas credit unions strongly support transparency in the merger and consolidation context. However, the proposal, as worded, raises a few concerns for Texas credit unions. Specifically, some of our members have noted that the proposal appears unnecessarily burdensome and misaligned with the realities of credit unions of different sizes.

In the last Commission meeting and Rules committee meeting, I believe that Commission members agreed to revise the draft proposal to include a consolidated estimate of contract termination costs, rather than detailing each particular contract. Although such consolidated language is referenced in 91.1003(d)(6), we are concerned that disclosure of contract termination costs may be pulled into the definition of "merger-related financial arrangement" thereby necessitating a detailed description rather than a consolidated disclosure.

The reason for this concern is that the definition of "merger-related financial arrangement" under 91.1003(a)(4) includes a financial benefit of over \$10,000 to be received by "any individual or entity" conditioned upon the successful merger. One could argue that the cost associated with terminating a contract is conditioned upon a successful merger (if the credit unions did not end up merging, the contracts would not be terminated). The reality is, for most larger credit unions, the termination clause for virtually every contract is likely over \$10,000. In addition, many of those contracts include confidentiality clauses. As a result, detailing the terms of a contract termination could be seen as a violation of that contract's confidentiality clause, adding legal liability to the credit unions impacted if they are forced to disclose the details of these contracts.

I believe the purpose of detailed disclosures related to merger-related financial arrangements is intended to be more focused on payouts to staff/officials, and/or entities tied to staff/officials, etc. As a result, we urge the Commission to amend the definition of merger-related financial arrangement to specifically exclude vendor contract termination costs and details. We also request that the Commission define the term "senior employee" to clarify which persons are covered under this term.

Texas credit unions also expressed that the \$10,000 threshold for merger-related financial arrangements is too low and should instead account for the size of the credit union (even more so if the definition of merger-related financial agreement includes contract terminations). Credit unions feel itemization is impractical, diverts resources from direct member services, and may in fact end up causing member confusion instead of clarity. Our concern is that credit union members simply do not have a context or frame of reference through which to

determine when costs are appropriate and justifiable. One option may be to scale the reporting threshold to be tied to the size of the credit union.

As a general concept, Texas credit unions believe that a credit union's elected board of directors is in the best position to make governance decisions such as mergers, not the regulator. Credit union boards are better positioned to determine what financial arrangements are relevant and material to disclose, based on context and member impact.

Sincerely,

Suzanne Yashewski
Cornerstone Credit Union League
(512) 853-8516
syashewski@cornerstoneleague.coop



September 1, 2025

Karen Miller
General Counsel
Credit Union Department
914 East Anderson Lane
Austin, Texas 78752-1699

RE: Request for Comment on Texas Credit Union Department Proposed Amendments to § 91.125 and § 91.1003

Dear Ms. Miller,

On behalf of Randolph-Brooks Federal Credit Union ("RBFCU"), this letter is being submitted in response to the Texas Credit Union Department's ("TCUD") request for comment on the proposed changes to advertising accuracy and merger-related arrangements and details.

We recognize the TCUD's commitment to transparency and accuracy in advertising by Texas credit unions and we respectfully submit the following comments on the proposed changes to § 91.125 and § 91.1003.

§ 91.125

RBFCU is committed to ethical practices and sustaining the trust of our membership. Therefore, we generally support the proposed amendments to § 91.125. The clarification that advertising includes announcements and press releases, particularly published via digital platforms and social media—is a timely and necessary update. In today's fast-paced communication environment, ensuring that all public-facing content meets the same standards of accuracy as traditional advertisements is essential to maintaining public confidence and regulatory integrity.

Despite its merits, the amendments may have some undue strain on marketing teams for larger credit unions that already manage high volumes of content across various platforms. The five-day response window, while promoting swift action, may strain internal resources, especially when coordinating legal review, compliance checks, and executive approvals. Also concerning is the broad definition of misleading content in conjunction with the amendment granting the Commissioner authority to issue cease and desist orders if content is deemed misleading. Without a clear appeals process or objective criteria, this could result in inconsistent enforcement or unnecessary disruption to operations.

A Texas Credit Union

1-800-580-3300

P.O. Box 2097, Universal City, TX 78148-2097



§ 91.1003

While large credit unions fully support transparency and ethical governance, the proposed amendments to §91.1003, relating to Mergers and Consolidations, introduce requirements that are unnecessarily burdensome and misaligned with the operational realities of large institutions.

Excessive Itemization Threshold Is Impractical

The proposed rule now defines “substantial” as any financial arrangement exceeding \$10,000¹. For large credit unions, this threshold is disproportionately low. These institutions routinely engage in complex transactions involving legal, consulting, and operational costs that exceed this amount. Requiring detailed itemization of every such expense—especially those tied to merger-related financial arrangements—creates an administrative burden that diverts resources from member services and strategic planning.

Moreover, the \$10,000 threshold fails to account for scale. What may be “substantial” for a small credit union is routine for a large one. A one-size-fits-all threshold does not reflect the diversity of credit union sizes and structures.

Transparency Should Not Mean Micromanagement

Large credit unions agree that members deserve clear, honest communication about mergers. However, mandating disclosure of every financial arrangement above a fixed dollar amount risks overwhelming members with minutiae that obscure the broader strategic rationale for a merger. Transparency should empower members—not confuse them with excessive detail.

Governance Decisions Belong to the Board, Not Regulators

The proposed amendments shift decision-making authority away from the credit union’s elected Board of Directors and toward regulatory bodies. This undermines the cooperative governance model, where boards are entrusted to act in the best interest of members. Boards are better positioned to determine what financial arrangements are relevant and material to disclose, based on context and member impact. Regulators, while essential for oversight, lack the operational insight to assess the appropriateness of specific financial arrangements. The proposed rule assumes a level of regulatory expertise in evaluating compensation, severance, and service agreements that may not exist.

In addition, the amendments require disclosure of merger-related financial arrangements but

¹ Credit Union Department, Proposed 91.1003(A), (ND), <https://cud.texas.gov/wp-content/uploads/2025/08/Proposed-91.1003-07-2025-with-Rule-TaxReg.pdf>

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offer no objective criteria for what constitutes an “appropriate” or “justifiable” expense. This ambiguity opens the door to inconsistent enforcement and subjective interpretation, which could delay or derail mergers that are otherwise beneficial to members.

By imposing rigid disclosure requirements and vague standards, the rule may discourage credit unions from pursuing mergers that could enhance member services, financial stability, and geographic reach. This is especially concerning in a competitive financial landscape where scale and efficiency are increasingly vital.

Conclusion

Large credit unions support transparency and member-first governance. It is the opinion of RBFCU that while well-intentioned, the amendments to § 91.125 could benefit from leaving the 10-business day window as is and providing a clear definition of misleading content and providing unambiguous objective criteria for advertising.

However, the proposed amendments to § 91.1003 impose disproportionate burdens on larger credit unions, undermine board authority, and introduce regulatory ambiguity. A more balanced approach would allow boards to exercise discretion in disclosures, guided by principles of materiality and member relevance, rather than rigid thresholds and exhaustive itemization.

We thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Villareal".

Berenice Justiniani-Villareal
Executive Vice President - Chief Risk Officer
Randolph-Brooks Federal Credit Union

A Texas Credit Union

1-800-580-3300

P.O. Box 2097, Universal City, TX 78148-2097

C.1.b. MERGERS/CONSOLIDATIONS

7 TAC, Part 6, Chapter 91, Subchapter J, Section 91.1003, Mergers/Consolidations

BACKGROUND: The proposed amendments detail disclosures and board due diligence documentation that must be included in merger plans and merger notices to members, including merger-related financial arrangements, which the amendments define. The amendments also respond to concerns that the current rule does not ensure that credit union boards of directors proposing to merge provide full transparency with regard to costs associated with the merger and persons and entities that will benefit financially from it. Because credit unions are member-owned, members should be able to rely on both the regulator and their board to protect their investment; these amendments provide for additional transparency with both the Department and members.

Changes from the text as proposed [highlighted] are as follows:

- the definition of merger-related financial arrangement was revised to explicitly exclude payment of termination and conversion costs related to contracts preexisting the merger
- language relating to “objective criteria” was deleted from the definition of “merger inducement”
- contract termination costs under \$100,000 were exempted from the statement of consolidated estimated contract termination costs;
- language was added regarding provision of clear, accurate information to the Department and to members
- a number of non-substantive formatting and organization revisions

Notice of the proposed amendments and a request for comments was published in the August 1, 2025, issue of the *Texas Register*. There were two comments submitted regarding the review.

RECOMMENDED ACTION: The Department recommends that the Commission adopt the proposed amendments with the change as noted above.

RECOMMENDED MOTION: I move that the Commission adopt the proposed amendments to 7 TAC Section 91.1003, **Mergers/Consolidations**, with the changes reflected in the materials.

The Credit Union Commission adopts amendments to §91.1003, Mergers/Consolidations, with changes from the proposed text as published in the August 1, 2025, issue of the Texas Register (50 *TexReg* 5028). The amendments detail disclosures and board due diligence documentation that must be included in merger plans and merger notices to members, including merger-related financial arrangements, which the amendments define. The changes from the text as proposed are as follows: the definition of merger-related financial arrangement was revised to explicitly exclude payment of termination and conversion costs related to contracts preexisting the merger; language relating to “objective criteria” was deleted from the definition of “merger inducement”; contract termination costs under \$100,000 were exempted from the statement of consolidated estimated contract termination costs; language was added regarding provision of clear, accurate information to the Department and to members; and a number of non-substantive formatting and organization revisions were made.

REASONED JUSTIFICATION. The amendments respond to concerns that the current rule does not ensure that credit union boards of directors proposing to merge provide full transparency with regard to costs associated with the merger and persons and entities that will benefit financially from it. Because credit unions are member-owned, members should be able to rely on both the regulator and their board to protect their investment; these amendments would provide for additional transparency with both the Department and members.

SUMMARY OF COMMENTS AND RESPONSE. The Commission received comments regarding the proposed amendments from the Cornerstone Credit Union League (Cornerstone) and Randolph-Brooks Federal Credit Union (RBFCU). All comments, including any not specifically referenced herein, were fully considered by the Commission.

Comment: Both commenters expressed concern that the definition of “merger-related financial arrangement” would require contract termination costs to be disclosed to members, potentially violating contractual confidentiality obligations and/or causing confusion.

Response: The Commission has revised the rule to explicitly exclude contract termination costs from the definition of “merger-related financial arrangement.”

Comment: Cornerstone noted that “senior employee” within the definition of “merger-related financial arrangement” is unclear and requested that it be defined.

Response: The Commission has revised the rule to delete “senior,” as all employees are included within “any individual” in the definition of “merger-related financial arrangement.”

Comment: Both commenters expressed concern about the \$10,000 threshold for merger-related financial arrangements, stating that disclosure of such small payments related to mergers could be burdensome and potentially confusing to members, suggesting that the threshold be scaled to the size of the credit union.

Response: The Commission respectfully disagrees, as \$10,000 is the threshold used by the National Credit Union Administration (NCUA), so credit unions are already employing this threshold with regard to reporting merger-related arrangements to the NCUA.

Comment: Both commenters stated that the disclosure of payments and other details of mergers should be a governance decision made by a credit union's board of directors, not by regulators.

Response: The Commission agrees that credit union boards of directors have significant authority to decide what to disclose in the context of a merger but believes certain basic information needs to be disclosed to the Department and to members. The amendments to this rule were carefully formulated to ensure that the Department and members have the minimum information necessary to make informed decisions about the proposed merger.

STATUTORY AUTHORITY. The amendments are adopted under Texas Finance Code Sections 15.402, which authorizes the Commission to adopt reasonable rules for administering Texas Finance Code, and 122.156, which specifically requires the Commission to adopt procedural relating to mergers.

STATUTORY SECTIONS AFFECTED. The statutory provisions affected by the proposed amendments are contained in Texas Finance Code Chapter 15 and Title 3, Subtitle D specifically Finance Code Sections 122.005 and 122.151-122.156.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

[Note: highlights indicate changes from proposed amendments.]

§91.1003. Mergers/Consolidations.

(a) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Acquirer credit union - The credit union that will continue in operation after the merger/consolidation.

(2) Acquiree credit union - The credit union that will cease to exist as an operating credit union at the time of the merger/consolidation.

(3) Merger inducement – A promise by a credit union to pay to the members of another credit union a sum of money or other [material] substantial benefit upon the successful completion of a merger of the two credit unions. This does not include a member dividend or interest rebate calculated under objective criteria and approved by the credit union's board of directors.

(4) Merger-related financial arrangement -- a substantial financial benefit received or to be received by any individual or entity, including any board or committee member or senior employee of Acquiree, or any entity affiliated with such board or committee member or employee, conditioned upon a successful merger:

(A) paid or payable during the period beginning within 24 months before or after the date the boards of directors of both credit unions approve the merger plan as: or paid during the merger or to be paid in the 24 month period after the merger;

(B) representing (i) an addition or increase in direct or indirect compensation, such as salary, bonuses, leave, deferred compensation, early payout of retirement benefits,

severance packages, retainers, service agreements, vesting of rights, non-compete agreements, insurance policies; or other contractual rights; or

~~(C) for (ii) honorarium(s), brokers fees, finders' fees or other financial rewards; before or after the merger.~~

~~(D) this term does not include (B) but not including:~~

~~(i) benefits available to employees at will of the Acquiree acquiree credit union on identical terms and conditions to Acquirer's acquirer's employees at will, should employment at will be continued; or-~~

~~(ii) termination or conversion costs detailed in contracts existing at the time of the merger between the Acquirer or Acquiree and a third-party vendor.~~

[(4)] (5) Substantial – An amount that is large in size, value, or importance. For purposes of this section, an amount is substantial if it exceeds [\$1,000.00] \$10,000.00 in total.

(b) Two or more credit unions organized under the laws of this state, another state, or the United States, may merge/consolidate, in whole or in part, with each other, or into a newly incorporated credit union to the extent permitted by applicable law, subject to the requirements of this rule. A credit union may not offer a merger inducement directly to another credit union's members as a means of promoting a merger of the two credit unions. Mergers shall be conducted in a manner that provides accurate information to the Department and to the members of each credit union regarding the material terms and anticipated effects of the merger.

(c) Notice of Intent to Merge/Consolidate.

(1) The credit unions shall notify the commissioner in writing of their intent to merge/consolidate within ten days after the credit unions' boards of directors formally agree in principle to merge/consolidate.

(2) The Notice of Intent shall include:

(i) the material terms under consideration, including those that may impact the safety and soundness of the Acquirer; and

(ii) a general description of any known merger-related financial arrangements.

(d) Plan for Merger/Consolidation. Upon approval of a proposition for merger/consolidation by the boards of directors, the credit unions must prepare a plan for the proposed merger/consolidation.

Subject to subsection (e) of this section, the ~~The~~ plan shall include:

(1) The terms and conditions of the merger/consolidation including a detailed description of ~~any [substantial remuneration, such as bonuses, deferred compensation, early payout of retirement benefits, severance packages, retainers, services agreements, or other substantial financial rewards or benefits that any board member or senior management employee of the acquiree credit union may receive in connection with the merger/consolidation]~~ and all merger related financial arrangements and proposed or executed contracts related to the merger;

(2) A short history of the background of merger discussions and deliberations with copies of any meeting minutes from beginning of negotiations through the plan and/or merger resolution. Minutes may be summarized or redacted to preserve attorney-client privilege and competitively sensitive information.

(3) For the Acquiree:

(A) general reason(s) Acquiree, as the party ceasing to exist, believes that merging, as the party ceasing to exist, is in the best interest of its members;

(B) other potential Acquirers that were evaluated by Acquiree,

(C) the Acquiree's criteria for selection of an ideal merger partner; and

(D) if only one Acquirer was evaluated, a statement supporting that evaluation consideration of a sole candidate is in the best interest of Acquiree's membership.

(4) Support for the calculation of any merger related financial arrangements;

(5) [(2)] The current financial reports of each credit union;

(6) [(3)] The combined financial reports of the two or more credit unions, including consolidated estimated contract termination costs for any termination estimated to cost over \$100,000 and any merger related financial arrangement costs;

(7) [(4)] An analysis of the adequacy of the combined Allowance for Credit Loan and Lease Losses account;

(8) [(5)] An explanation of any proposed adjustments to the members' shares, or provisions for reserves, dividends, or undivided profits;

(9) [(6)] A summary of the products and services proposed to be available to the members of the Acquirer acquirer credit union, with an explanation of any changes from the current products and services provided to the members;

(10) [(7)] A summary of the advantages and disadvantages of the merger/consolidation;

(11) [(8)] the projected location of the main office and any branch location(s) after the merger/consolidation and whether any existing office locations will be permanently closed; and

(12) [(9)] Any other items deemed critical to the merger/consolidation agreement by the boards of directors.

(e)-(13) If the Commissioner determines the merger to be an emergency, any specific plan requirements may be waived in order to assure uninterrupted service to members.

(f)-(e) Submission of an Application to Merge/Consolidate to Department.

(1) An application for approval of the merger/consolidation will be complete when the following information is submitted to the commissioner:

(A) the merger/consolidation plan, as described in this rule;

(B) a copy of the corporate resolution of each board of directors approving the merger/consolidation plan;

(C) the proposed Notice of Special Meeting of the members;

(D) a copy of the ballot form to be sent to the members;

(E) the current delinquent loan summaries for each credit union;

(F) a statement as to whether the transaction is subject to the Hart-Scott Rodino Act premerger notification filing requirements; [and]

(G) receipt of any additional information requested by the Commissioner; and

(H) [(G)] for a credit union whose board is seeking a waiver of the requirement that the plan be approved by its members, a request for a waiver of the requirement that the plan be approved by the members of any of the affected credit unions, in the event the board(s) seek such a waiver, together with a statement of the reason(s) for the waiver(s).

(2) If the Acquirer or Acquiree acquirer credit union is organized under the laws of another state or of the United States, the commissioner may accept an application to merge or consolidate that is prescribed by the state or federal supervisory authority of the Acquirer acquirer credit union, provided that the commissioner may require additional information to determine whether to deny or approve the merger/consolidation. [~~The application will be deemed complete upon receipt of all information requested by the commissioner~~].

(3) Notice of the proposed merger must be published in the *Texas Register* and Department Newsletter as prescribed in §91.104 (relating to Public Notice and Comment on Certain Applications).

~~(g)-(f)~~ Commissioner Action on the Application.

(1) The commissioner may grant preliminary approval of an application for merger/consolidation conditioned upon specific requirements being met, but final approval shall not be granted unless such conditions have been met within the time specified in the preliminary approval.

(2) The commissioner shall deny an application for merger/consolidation if the commissioner finds any of the following:

(A) the financial condition or operations of the Acquirer acquirer credit union before or projected after the merger/consolidation is such that it will likely jeopardize the financial stability of the merging credit union or prejudice the financial interests of the members, beneficiaries or creditors of either credit union;

(B) the plan includes a change in the products or services available to members of the Acquiree acquiree credit union that substantially harms the financial interests of the members, beneficiaries or creditors of the Acquiree acquiree credit union;

(C) the merger/consolidation would probably substantially lessen the ability of the Acquirer acquirer credit union to meet the reasonable needs and convenience of members to be served;

(D) the credit unions do not furnish to the commissioner all information requested by the commissioner which is material to the application;

(E) the credit unions fail to obtain any approval required from a federal or state supervisory authority; [or]

(F) the application or proposed notice to members is false, deceptive or misleading, after the ability to cure provisions as defined in §91.125(b) expire; or

(G) [(F)] the merger/consolidation would be contrary to law.

(3) For applications to merge/consolidate in which the products and services of the Acquirer acquirer credit union after merger/consolidation are proposed to be substantially the same as those of the Acquiree and Acquirer acquiree and acquirer credit union, the commissioner will presume that the merger/consolidation will not significantly change or affect the availability and adequacy of financial services in the local community.

(4) The commissioner may require the credit unions to provide documentation demonstrating that members were given adequate, timely, and comprehensible information about the merger's purpose, terms, and anticipated effects.

~~(h)-(g)~~ Procedures for Approval of Merger/Consolidation Plan by the Members of Each Credit Union.

(1) The credit unions have the option of allowing their members to vote on the plan in person at a meeting of the members, by mail ballot, or both. With prior approval of the commissioner, a credit union may accept member votes by an alternative method that is reasonably calculated to ensure each member has an opportunity to vote.

(2) Members shall be given advance notice of the meeting in accordance with the credit union's bylaws. The notice of the meeting shall:

(A) specify the purpose of the meeting and state the date, time, and place of the special meeting;

(B) state the reasons for the proposed merger/consolidation;

(C) contain a summary of the merger plan and state that any interested person may obtain more detailed information about the merger from the credit union at its principal place of business, or by any method approved in advance by the commissioner;

- (D) provide the name and location of the Acquirer acquirer credit union;
- (E) specify the methods permitted for casting votes; [and]
- (F) if applicable, be accompanied by a mail ballot and [.]

(3) (G) merger Merger-related financial arrangements must be detailed on a separate page enclosed with the meeting notice, ballot and plan summary.

(4) The notice and supporting materials provided to members must be written in plain language for members to make an informed decision regarding the proposal.

(i)-(h) Completion of Merger/Consolidation.

(1) Upon approval of the merger/consolidation plan by the membership, if applicable, the Certificate of Merger/Consolidation shall be completed, signed and submitted to the commissioner for final authority to combine the records, together with a statement by each credit union's board certifying that all required information and disclosures to the Department and to its members have been provided in accordance with this rule. Necessary amendments to the Acquirer's acquirer credit union's articles of incorporation or bylaws shall also be submitted at this time.

(2) Upon receipt of the commissioner's written authorization, the records of the credit unions shall be combined as of the effective date of the merger/consolidation. The board of the directors of the Acquirer acquirer credit union shall certify the completion of the merger/consolidation to the commissioner within 30 days after the effective date of the merger/consolidation.

(3) Upon receipt by the commissioner of the completion of the merger/consolidation certification, any article of incorporation or bylaw amendments will be approved and the charter of the Acquiree acquiree credit union will be canceled.

C.2. MANDATORY RULE REVIEW

- a. 7 TAC, Part 6, Chapter 91, Subchapter D (Powers of Credit Unions)
- b. 7 TAC, Part 6, Chapter 91, Subchapter M (Electronic Operations)
- c. 7 TAC, Part 6, Chapter 91, Subchapter N (Emergency or Permanent Closing of Office or Operation)
- d. 7 TAC, Part 6, Chapter 93, Subchapter A (Common Terms)
- e. 7 TAC, Part 6, Chapter 93, Subchapter B (Appeals from Commission Decisions, Generally)
- f. 7 TAC, Part 6, Chapter 93, Subchapter C (Appeals of Preliminary Determinations on Applications)
- g. 7 TAC, Part 6, Chapter 93, Subchapter D (Appeals of Cease and Desist Orders and Orders of Removal)
- h. 7 TAC, Part 6, Chapter 93, Subchapter E (Appeals of Orders of Conservation)
- i. 7 TAC, Part 6, Chapter 93, Subchapter F (Review and Decision by the Commission)

BACKGROUND: Section 2001.039, Government Code, requires that a state agency review and consider for reoption each rule not later than the fourth anniversary of the date on which the rule took effect and every four years after that date. As provided in the noted section, the reviews must include, at a minimum, an assessment by the agency as to whether the reason for adopting the rule continues to exist. At its March 22, 2024, meeting, the Commission approved a plan which establishes a date for the required review for each of the affected rules. In accordance with that plan, staff has reviewed 7 TAC, Part 6, Chapter 91, Subchapter D (Powers of Credit Unions), 7 TAC, Part 6, Chapter 91, Subchapter M (Electronic Operations), 7 TAC, Part 6, Chapter 91, Subchapter N (Emergency or Permanent Closing of Office or Operation), 7 TAC, Part 6, Chapter 93, Subchapter A (Common Terms), 7 TAC, Part 6, Chapter 93, Subchapter B (Appeals from Commission Decisions, Generally), 7 TAC, Part 6, Chapter 93, Subchapter C (Appeals of Preliminary Determinations on Applications), 7 TAC, Part 6, Chapter 93, Subchapter D (Appeals of Cease and Desist Orders and Orders of Removal), 7 TAC, Part 6, Chapter 93, Subchapter E (Appeals of Orders of Conservation), and 7 TAC, Part 6, Chapter 93, and Subchapter F (Review and Decision by the Commission) and believes certain revisions are appropriate and necessary. Amendments to rules within these chapters are being separately presented for proposal.

Notice of the review and a request for comments on the rules in these chapters were published in the September 5, 2025, issue of the *Texas Register*. No comments were received regarding the review. The Department believes that the reasons for adopting the noted rules continue to exist.

RECOMMENDED ACTION: The Department recommends that the Commission adopt the proposed amendments with the change as noted above.

RECOMMENDED MOTION: I move that the Commission find that the reasons for adopting 7 TAC, Part 6, Chapter 91, Subchapters D, M, and N; and Chapter 93 continue to exist and that Commission adopt the rule review and readopt these rules.

Title 7

Part VI. Credit Union Department

Chapter 91

**CHARTERING, OPERATIONS, MERGERS,
LIQUIDATIONS**

Subchapter D. Powers of Credit Unions

§91.401. Credit Union Ownership of Property.

(a) **Definitions.** The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

(1) **Equipment** includes all movable furniture, fixtures, and equipment of the credit union, its branch offices, and consolidated credit union service organizations, including automobiles and other vehicles, and any lien on the above.

(2) **Immediate family member**--a spouse or other family member living in the same household.

(3) **Premises** include the cost less accumulated depreciation, of land and buildings actually owned and occupied (or to be occupied) by the credit union, its branch offices, and consolidated credit union service organizations. This includes vaults, fixed machinery, parking facilities; and real estate acquired and intended, in good faith, for future expansion. It also includes capitalized leases, leasehold improvements, and remodeling costs to existing premises.

(4) **Senior Management Employee**--the chief executive officer, any assistant chief executive officers (e.g. vice presidents and above) and the chief financial officer.

(b) **Investment Limitations on Premises.** Without the prior written consent of the Department, a credit union may not directly or indirectly invest an amount in excess of its net worth in premises.

(c) **Restrictions on Ownership of Property.** A credit union shall not acquire premises for the principal purpose of engaging in real estate rentals or speculation.

(d) **Transactions with insiders.** Without the prior approval of a disinterested majority of the board of directors recorded in the minutes or, if a disinterested majority cannot be obtained, the prior written approval of the commissioner, a credit union may not directly or indirectly:

(1) sell or lease an asset of the credit union to a director, committee member, or senior management employee, or immediate family members of such individual; or

(2) purchase or lease an asset in which a director, committee member, senior management employee, or immediate family members of such individual has an interest.

(e) **Use requirement for premises.** If real property or leasehold interest is acquired and intended, in good faith, for use in future expansion, the credit union must partially satisfy the "primarily for its own use in conducting business" requirement within five years after the credit union makes the investment.

(f) **Consent to Exceed Limitation.** Generally, a credit union need not obtain the Department's approval to invest in premises. However, prior approval is required if the total aggregate investment in premises will exceed the credit union's net worth. A credit union shall submit such statements and reports as the Department may require in support of the higher investment limit.

(1) When analyzing an application for an additional investment in credit union premises, the Department will consider:

(A) Consistency with safe and sound credit union practices;

(B) The reasonableness of the amount of credit union premises and the annual expenditures required to carry them relative to the credit union's net worth and the nature and volume of operations; and

(C) The effect of the investment on future earnings.

(2) The Department will consider denying a request for an additional investment in credit union premises when:

(A) The additional investment would have a material negative effect on the credit union's earnings, capital, or liquidity; or

(B) The credit union has not demonstrated a reasonable need for the additional

investment.

(3) The Department may impose appropriate special conditions for an approval of an additional credit union premises investment, if it determines that they are necessary or appropriate to protect the safety and soundness of the credit union or to further other supervisory or policy considerations.

§91.402. Insurance for Members.

(a) Authority. A credit union may make insurance products available to its members, including insurance products at the individual member's expense, subject to the following conditions:

(1) Except as provided in paragraphs (2) and (3) of this subsection, the purchase of any type of insurance coverage by a member must be voluntary, and a copy of the signed and dated written election to purchase the insurance must be on file at the credit union.

(2) Insurance may be required on a loan if the coverage and the charges for the insurance bear a reasonable relationship to:

- (A) the value of the collateral;
- (B) the existing hazards or risk of loss, damage, or destruction; and
- (C) the amount, term, and conditions of the loan.

(3) if the insurance is a condition of a loan, the credit union shall give the member written notice that clearly and conspicuously states:

- (A) that insurance is required in connection with the loan; and
- (B) that the member may purchase or provide the insurance from a carrier of the member's choice, or the member may assign any existing insurance coverage.

(4) An officer, director, employee, or committee member of a credit union may not accept anything of value from an insurance agent, insurance company, or other insurance provider offered to induce the credit union to sell or offer to sell insurance or other related products or services to the members of the credit union.

(5) If a credit union replaces an existing loan or renews a loan and sells the member new credit life or disability insurance, the credit union shall cancel the prior insurance and provide the member with a refund or credit of the unearned premium or identifiable charge before selling the new insurance to the member.

(6) The person selling or offering for sale any insurance product in any part of a credit union's office or on its behalf must be at all times appropriately qualified and licensed under applicable State insurance licensing standards with regard to the specific products being sold or recommended.

(b) Unsafe and Unsound Practice. It is an unsafe and unsound practice for any director, officer, or employee of a credit union, who is involved in the sale of insurance products to members, to take advantage of that business opportunity for personal profit. Recommendations to members to buy insurance should be based on the benefits of the policy, not the compensation received from the sale.

(c) Prohibited Practices. A director, officer, or employee of a credit union may not engage in any practice that would lead a member to believe that a loan or extension of credit is conditional upon either:

- (1) The purchase of an insurance product from the credit union or any of its affiliates;
- or
- (2) An agreement by the member not to obtain, or a prohibition on the member from obtaining, an insurance product from an unaffiliated entity.

§91.403. Debt Cancellation Products; Federal Parity; Adoption by Reference.

(a) Authority. Provided it complies with this section, the Truth in Lending Act (15 U.S.C. 1601), and the applicable provisions of Regulation Z (12 C.F.R. Part 226), a credit union may offer any debt cancellation product, including a debt cancellation contract (DCC) and a debt suspension agreement (DSA), a federal credit union is permitted to offer. For the purposes of this section, a debt cancellation product is a two-party agreement between the credit union and the member under which the credit union agrees to waive, suspend, defer, or cancel all or part of a member's obligation to pay an indebtedness under a lease, loan, or other extension of credit upon the occurrence of a specified event. Debt cancellation products are considered loan products governed by this section and applicable provisions of the Finance Code, not insurance products and, consequently, are not regulated by the Texas Department of Insurance. The credit union may offer debt cancellation products for a fee pursuant to the authority set forth in Finance Code §123.003, relating to enlargement of powers and parity and the authority federal credit unions have to offer such products; the fee also is authorized by Finance Code §124.101, relating to borrower payment of loan expenses. If the debt cancellation product is offered for a fee, the member's participation in the debt cancellation program must be optional, and the member must be informed of the fee and that participation is optional.

(b) Anti-tying and Refund Rules. For any debt cancellation product offered by a credit union:

(1) The credit union may not extend credit nor alter the terms or conditions of an extension of credit conditioned upon the member entering into a debt cancellation product with the credit union; and

(2) If the debt cancellation product provides for a refund of unearned fees, the unearned fees must be calculated using a method that produces a result at least as favorable to the member as the actuarial method. Before the member purchases the debt cancellation product, the credit union must state in writing that the purchase of the debt cancellation product is optional, the conditions for and method of calculating any refund of the debt cancellation fee, including when fees are considered earned by the credit union, and that the member should carefully review all of the terms and conditions of the debt cancellation agreement prior to signing the agreement.

(c) Notice to Department. A credit union must notify the commissioner in writing of its intent to offer any type of debt cancellation product at least 30 days prior to the product being offered to members. The notice must contain a statement describing the type(s) of debt cancellation product(s) that the credit union will offer to its membership.

(d) Risk Management and Controls. Before offering any debt cancellation products, each credit union's board of directors, shall adopt written policies that establish and maintain effective risk management and control processes for these products. Such processes include appropriate recognition and financial reporting of income, expenses, assets and liabilities, and appropriate treatment of all expected and unexpected losses associated with the products. A credit union should also assess the adequacy of its internal control and risk mitigation activities in view of the nature and scope of its debt cancellation program. In addition, the policies shall establish reasonable fees, if any, that will be charged, the appropriate disclosures that will be given, and the claims processing procedures that will be utilized.

(e) For purposes of this section "actuarial method" means the method of allocating payments made on a debt between the amount financed and the finance charge pursuant to which a payment is applied first to the accumulated finance charge and any remainder is subtracted from, or any deficiency is added to, the unpaid balance of the amount financed.

(f) Best Practices. The Commission seeks to preserve and promote parity with regard to federal credit unions, foreign credit unions, and other depository institutions, as referenced in Finance Code §§15.402(b-1) and 123.003. The National Credit Union Administration (NCUA)

has provided as guidance for federal credit unions the standards set forth in the rules of the U.S. Office of the Comptroller of the Currency (OCC), related to DCCs and DSAs. The Commission, therefore, adopts by reference the guidance issued by NCUA in May 2003 (Letter No. 03-FCU-06). Credit unions should also look to OCC's rules, codified at 12 C.F.R. Part 37, for guidance as to best practices in the industry regarding the offer and sale of DCCs and DSAs. A copy of the NCUA letter and of the OCC rules may be obtained on the Department website at: www.cud.texas.gov.

§91.404. Purchasing Assets and Assuming Deposits and Liabilities of another Financial Institution.

(a) Scope. A credit union must obtain the approval of the Department before purchasing all or substantially all of the assets and/or assuming certain deposits and other liabilities of another financial institution. This section does not apply to purchases of assets that occur as a result of a credit union's ordinary and ongoing business of acquiring obligations of its members.

(b) Approval Requirement.

(1) A credit union must file an application and obtain the written approval of the Department before entering into any type of purchase and assumption agreement.

(2) In determining whether to approve an application under this section, the Department will consider the purpose of the transaction, its impact on the safety and soundness of the credit union, and any effect on the credit union's existing members. The Department may deny the application if the transaction would have a negative effect on any of those factors.

§91.405. Records Retention and Preservation.

(a) General. Every credit union shall keep records of its transactions in sufficient detail to permit examination, audit and verification of financial statements, schedules, and reports it is required to file with the Department or which it issues to its members. Credit union accounts, books and other records shall be maintained in appropriate form and for the minimum periods prescribed by this section. The retention period for each record starts from the last entry or final action date and not from the inception of the record.

(b) Manner of maintenance. Records may be maintained in whatever manner, or format a credit union deems appropriate; provided, however, the records must clearly and accurately reflect the information required, provide an adequate basis for the examination and audit of the information, and be retrievable easily and in a readable and useable format. A credit union may contract with third party service providers to maintain records required under this part.

(c) Permanent retention. It is recommended that the following records be retained permanently in their original form:

(1) charter, bylaws, articles of incorporation, and amendments thereto; and

(2) currently effective certificates or licenses to operate under programs of various government agencies.

(d) Ten year retention. Records which are significant to the continuing operation of the credit union must be retained until the expiration of ten years following the making of the record or the last entry thereon or the expiration of the applicable statute of limitations, whichever is later. The records are:

(1) minutes of meetings of the members, the board of directors, and board committees;

(2) journal and cash record;

(3) general ledger and subsidiary ledgers;

(4) for active accounts, one copy of each individual share and loan ledger or its equivalent;

(5) comprehensive annual audit reports including evidence of account verification; and
(6) examination reports and official correspondence from the department or any other government agency acting in a regulatory capacity.

(e) Five year retention. The following records must be retained until the expiration of five years following the making of the record or the last entry thereon or the expiration of the applicable statute of limitations, whichever is later:

(1) records related to closed accounts including membership applications, joint membership agreements, payable on death agreements, signature cards, share draft agreements, and any other account agreements; loan agreements; and

(2) for an active account, any account agreement which is no longer in effect.

(f) Other records. Subject to applicable law, any other type of document not specifically delineated in this rule may be destroyed after five years or upon expiration of an applicable statute of limitations, whichever is longer.

(g) Data processing records. Provisions of this section apply to records produced by a data processing system. Output reports that substitute for standard conventional records or that provide the only support for entries in the journal and cash record should be retained for the minimum period specified in this rule.

(h) Protection and storage of records. A credit union shall provide reasonable protection from damage by fire, flood and other hazards for records required by this section to be preserved and, in selection of storage space, safeguard such records from unnecessary exposure to deterioration from excessive humidity, dryness, or lack of proper ventilation.

(i) Records destruction. The board of directors shall adopt a written policy authorizing the destruction of specified records on a continuing basis upon expiration of specified retention periods.

(j) Records preservation. All state chartered credit unions are required to maintain a records preservation program to identify and store vital records in order that they may be reconstructed in the event the credit union's records are destroyed. Storage of vital records is the responsibility of the board but may be delegated to the responsible person(s). A vital records storage center should be established at some location that is far enough from the credit union office to avoid the simultaneous loss of both sets of records in the event of a disaster. Records must be stored every calendar quarter within 30 days following quarter-end at which time records stored for the previous quarter may be destroyed. Stored records may be in any form which can be used to reconstruct the credit union's records. This includes machine copies, microfilm, or any other usable copy. The records to be stored shall be for the most recent month-end and are:

(1) a list of all shares and/or deposits and loan balances for each member's account. Each balance on the list is to be identified by an account name or number. Multiple balances of either shares or loans to one account shall be listed separately;

(2) a financial statement/statement of financial condition which lists all the credit union's assets and liability accounts;

(3) a listing of the credit union's banks, insurance policies and investments. This information may be marked "permanent" and updated only when changes are made.

(k) Records preservation compliance. Credit unions that have some or all of their records maintained by an off-site data processor are considered to be in compliance so long as the processor meets the minimum requirements of this section. Credit unions that have in-house capabilities shall make the necessary provisions to safeguard the backup of data on a continuing basis.

(l) Reproduction of records. A credit union shall furnish promptly, at its own expense, legible, true and complete copies of any record required to be kept by this section as requested by the department.

§91.406. Credit Union Service Contracts.

A credit union may enter into contractual agreements with one or more credit unions or other organizations for the purpose of engaging in authorized activities that relate to electronic data processing, electronic fund transfers, or other member services on behalf of the credit union. Agreements must be in writing and shall advise all parties that the activities and services may be subject to commission rules and examination by the commissioner to the extent permitted by law.

§91.407. Electronic Notification.

A credit union may, in accordance with written board policy, satisfy any "written" member notification requirement of the Act, commission rules, or the credit union's bylaws by electronic means provided:

- (1) the member agrees in writing or electronically to use electronic instead of hard-copy notifications;
- (2) the member has the ability to print or download the notification;
- (3) evidence of the electronic notification is retained in accordance with §91.405 (relating to Records Retention); and
- (4) both the credit union and the member have the capacity to receive electronic messages.

§91.408. User Fee for Shared Electronic Terminal.

A credit union that owns an electronic terminal that is connected to a shared network may impose a fee on a non-member for the use of that terminal if imposition of the fee is disclosed in compliance with applicable federal law.

Subchapter M. Electronic Operations

§91.4001. Authority to Conduct Electronic Operations.

- (a) A credit union may use, or participate with others to use, electronic means or facilities to perform any function or provide any product or service as part of an authorized activity. Electronic means or facilities include, but are not limited to, automated teller machines, automated loan machines, mobile applications, personal computers, the Internet, telephones, and other similar electronic devices.
- (b) To optimize the use of its resources, a credit union may market and sell, or participate with others to market and sell, electronic capacities and by-products to others, provided the credit union acquired or developed these capacities and by-products in good faith as part of providing financial services to its members.
- (c) If a credit union uses electronic means and facilities authorized by this rule, the credit union's board of directors must require staff to:
- (1) Identify, assess, and mitigate potential risks and establish prudent internal controls, and system backup procedures;
 - (2) Implement security measures designed to ensure secure operations. Such measures should take into consideration:
 - (A) the prevention of unauthorized access to credit union records and credit union members' records;
 - (B) the prevention of financial fraud through the use of electronic means or facilities; and
 - (C) compliance with applicable security device requirements for teller machines contained elsewhere in Chapter 91; and
 - (3) Employ an incident response plan, which has been subjected to reasonable testing, to minimize the impact of a data breach or other electronic incident while quickly restoring operations, credibility, and security.
- (d) All credit unions engaging in such electronic activities must comply with all applicable state and federal laws and regulations as well as address all safety and soundness concerns.
- (e) A credit union shall review, on at least an annual basis, its system backup procedures for all electronic activities.
- (f) A credit union shall not be considered doing business in this State solely because it physically maintains technology, such as a server, in this State, or because the credit union's product or services are accessed through electronic means by members located in this State.
- (g) A credit union that shares electronic space, including a co-branded web site, with a credit union affiliate, or another third-party must take reasonable steps to clearly and conspicuously distinguish between products and services offered by the credit union and those offered by the credit union's affiliate, or the third-party.

§91.4002. Transactional Web Site Notice Requirement; and Security Review.

- (a) A credit union must file a written notice with the commissioner at least 30 days before it establishes a transactional web site. The notice must:

- (1) Include an address for and a description of the transactional features of the web site;
- (2) Indicate the date the transactional web site will become operational; and
- (3) List a contact person familiar with the deployment, operation, and security of the transactional web site.

(b) For the purposes of this chapter a transactional web site is an Internet site that enables users to access an account and conduct financial transactions such as transferring funds, processing bill payments, opening an account, applying for or obtaining a loan, or purchasing other authorized products or services.

(c) Credit unions that have a transactional web site must provide for a review of the adequacy of the web site's security measures annually. The scope of the review should cover the adequacy of physical and logical protection against denial of service attacks and other attack vectors designed to gain unauthorized access to the system. If the credit union outsources this technology platform, it can rely on testing or audits performed for the service provider to the extent it satisfies the scope requirements of this subsection.

Subchapter N. Emergency or Permanent Closing of Office or Operation

§91.5001. Emergency Closing.

(a) If the officer in charge of a credit union determines that an emergency that affects or may affect one or more of the credit union's offices or operations exists or is impending, the officer may determine:

(1) not to conduct the involved operations or open the offices on any normal business day of the credit union until the emergency has passed; or

(2) if the credit union is open, to close the offices or the involved operations for the duration of the emergency.

(b) Subject to subsection (c) of this section, a closed office or operation may remain closed until the officers determine that the emergency has ended and for any additional time reasonably required to reopen.

(c) A credit union that closes an office or operation under this section shall notify the commissioner of its action by any means available and as promptly as conditions permit. In addition, notice of such closure should be posted on the home page of the credit union's website and on its social media pages. An office or operation may not be closed for more than three consecutive days, excluding days on which the credit union is customarily closed, without the commissioner's written approval.

(d) Each credit union shall maintain on file with the department a report of emergency contact information pertaining to its officers, directors, and committee members in such form as the commissioner may prescribe.

(e) In this chapter, the following words and terms shall have the following meanings:

(1) **Emergency** – means a condition or occurrence that physically interferes with the conduct of normal business at the offices of a credit union or of a particular credit union operation or that poses an imminent or existing threat to the safety or security of persons, property, or both. The term includes a condition or occurrence arising from:

(A) fire, flood, earthquake, hurricane, tornado, or wind, rain, ice or snow storm;

(B) labor dispute or strike; disruption or failure of utilities, transportation, communication or information systems and any applicable backup systems;

(C) shortage of fuel, housing, food, transportation, or labor;

(D) robbery, burglary, or attempted robbery or burglary;

(E) epidemic or other catastrophe; or

(F) riot, civil commotion, enemy attack, or other actual or threatened act of lawlessness or violence.

(2) **Officer in charge** – means the president of the credit union, or a person designated by the president, who shall have the authority to take all necessary and appropriate actions to deal appropriately with the emergency. The president of a credit union shall always have an individual designated as an officer in charge during his/her absence or unavailability.

§91.5002. Effect of Closing.

A day on which a credit union or one or more of its operations is closed during its normal business hours as provided by §91.5001 of this title (relating to Emergency Closings) shall be deemed a legal holiday for all purposes with respect to any credit union business affected by the closed credit union or credit union operation.

§91.5005. Permanent Closing of an Office.

A credit union may permanently close any of its established offices or service facilities. The credit union shall provide notice to its members and the department no later than 60 days prior to the proposed closing. The credit union shall also post a notice to members in a conspicuous manner on the premises of the effected office or service facility and the homepage of the credit union's website and any social media pages at least 30 days prior to the proposed closing.

Title 7

Part VI. Credit Union Department

Chapter 93

ADMINISTRATIVE PROCEEDINGS

CHAPTER 93
Subchapter A. Common Terms

§93.101. Scope; Definitions; Severability.

(a) This chapter provides for an efficient and uniform system of practice and procedure before the Department. This chapter governs the institution, conduct, and determination of adjudicative proceedings, required or permitted by law, whether instituted by the Department or by filing of an application, notice, or any other pleading. This chapter does not enlarge, diminish, modify, or otherwise alter the jurisdiction, powers, or authority of the Department, or the substantive rights or any person or agency. All contested case hearings will be conducted by the State Office of Administrative Hearings and will be governed by Title 1, Chapter 155 of the Texas Administrative Code and this chapter.

(b) The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) ADR -- alternative dispute resolution.

(2) ALJ -- administrative law judge employed by the State Office of Administrative Hearings.

(3) APA -- The Administrative Procedure Act (Texas Government Code, Chapter 2001).

(4) Applicant -- Any person seeking a certificate, charter, or approval of an application from the Department.

(5) Contested case or proceeding -- a proceeding in which the legal rights, duties, or privileges of a party are to be determined by the commissioner or the Commission after an opportunity for adjudicative hearing. A contested case at the Department commences upon the filing of a proper and timely request for hearing.

(6) Party -- A person admitted to participate in a contested case.

(7) Person -- Any individual, credit union, or other legal entity, including a state agency or government subdivision.

(8) PFD -- a proposal for decision issued by an ALJ.

(9) Respondent -- A credit union or other person against whom a sanction is directed by the Department.

(10) Sanction -- Any administrative penalty, disciplinary action, or enforcement action imposed by the Department.

(11) SOAH -- the State Office of Administrative Hearings.

(12) TAC -- Texas Administrative Code.

(c) The same rules of construction that apply to interpretations of Texas statutes and codes, the definitions in the APA Section 2001.003, and the definitions in subsection (b) of this section govern the interpretation of this chapter. If any section of this chapter is found to conflict with an applicable and controlling provision of other state or federal law, the section involved shall be void to the extent of the conflict without affecting the validity of any other provision of this chapter.

Subchapter B. General Rules

§93.201. Appeals to the Commission, Appointment of SOAH.

The Department appoints SOAH to be its finder of fact in contested cases. The Department does not delegate to the ALJ and retains for itself the right to determine the sanctions and make the final decision in any contested case. Contested cases shall be conducted in accordance with the APA and SOAH's procedural rules (1 TAC Chapter 155) and shall be heard by an ALJ assigned by SOAH. When the Department submits a request to docket a case, SOAH acquires jurisdiction over a contested case and retains jurisdiction until SOAH issues a proposal for decision (PFD) or final amendments or corrections, if any, to the PFD, or upon SOAH's remand of the case to the Department. In case of conflict with the Commission's rules, SOAH's rules control while SOAH has jurisdiction.

§93.202. Computation of Time.

Unless otherwise required by law, in computing any period of time set forth in this chapter, the date of the act, event, or default after which the designated period of time begins to run is not to be included. The last day of the period so computed is to be included, unless it is a Saturday, Sunday, or a state legal holiday, in which event the period runs until the end of the next day which is not a Saturday, Sunday, or a state legal holiday. Time limits shall be computed using calendar days rather than business days.

§93.203. Ex Parte Communications.

(a) Upon receipt of a request for hearing and continuing until the time a motion for rehearing is denied, the time for ruling on such a motion has expired, or the proceeding is otherwise final, the commissioner and members of the commission may not communicate directly or indirectly with any party or a representative of a party in a contested case in connection with any issue of fact or law in the contested case except upon notice and opportunity for each party to participate.

(b) The commissioner and members of the commission may communicate ex parte with employees of the department who did not participate in any hearing in the case in order to utilize special skills or knowledge of the department's staff in evaluating the record in the case. Prohibited ex parte communications shall not include any written communication if the communicator contemporaneously serves copies of the communication on all parties to the contested case.

§93.204. Informal Disposition.

At any time during the proceedings, informal disposition may be made of any contested case by stipulation of the parties, agreed settlement, consent order, or default. No stipulation or agreed settlement between the parties shall be enforced unless it shall have been reduced to writing and signed by parties and made part of the record, or unless it shall have been dictated into the record by them during the course of a hearing or incorporated in an order bearing their written consent.

§93.205. Notice of Hearing.

(a) An action subject to this chapter is initiated by the service of such notices as are required to be served under the substantive law governing the particular proceeding. Unless other law authorizing a different notice period is applicable to the particular proceeding, all hearings in contested cases must be preceded by at least 10 day notice, as required by the APA §2001.051. Credit unions shall keep the Department informed as to their correct current mailing address and may be served with initial process by regular, certified, or registered mail to the address furnished the agency.

(b) If a credit union does not file a written answer or other written responsive pleading to the notice required by subsection (a) of this section on or before the 10th day after the date on which the credit union was served with the notice, or if the credit union fails to attend the hearing, the Commissioner may dispose of the case without hearing and grant the relief set forth in the notice.

(c) The Respondent or Applicant shall enter an appearance, with a copy to the Department, within 10 days of the date on which the notice of hearing was served on the person. For purposes of this section, entering an appearance means the filing of a written answer or other responsive pleading with SOAH.

(d) SOAH rules relating to Default Proceedings (1 TAC §155.501) and Dismissal Proceedings (1 TAC §155.501) apply when a Respondent or Applicant fails to appear on the day and time set for the contested case hearing. In that case, the Department may move either for dismissal of the case from SOAH's docket or for the issuance of a default PFD by the ALJ or remand to the Department for entry of default by the Commission or the Commissioner, as appropriate. If the ALJ issues an order dismissing the case from SOAH docket or issues a default PFD, or a remand for entry of default by the Commission, the factual allegations against the Respondent at SOAH are admitted and the Commissioner or the Commission, as appropriate, shall enter a default order against the Respondent. Any claims raised or applications for approval submitted by an Applicant will be deemed denied.

§93.207. Service of Documents on Parties.

(a) Unless otherwise specified in this chapter, notice to a party or a party's representative in a contested case shall be by hand-delivery, by facsimile transmission, by email if all parties agree, or by regular, certified or registered mail, to the party's last known address. Service by mail shall be complete when the properly addressed document is deposited in a post office or official depository under the care and custody of the United States Postal Service.

(b) A certificate by a party, who files a pleading stating that it has been served on all other parties, is prima facie evidence of service.

§93.208. Delegation of Authority.

Unless otherwise provided by law, the commission or the commissioner may delegate to a representative any ministerial duty imposed on the commission or the commissioner, respectively. The provisions of any rule referring to the commission or the commissioner shall be construed to also apply to the duly authorized representative of the commission or the commissioner.

§93.209. Subpoenas.

a) Any party desiring the issuance of a subpoena to compel the appearance of a witness or the production of documents at any hearing shall file a written request with the commissioner setting forth the name and address of the witness, time and place of appearance, and any documents or tangible things sought to be produced. Each request shall contain a statement of the reasons why the subpoena should be issued.

(b) Upon a finding that a party has shown good cause for the issuance of the subpoena, the commissioner shall issue the subpoena as prescribed by Government Code §2001.089. The party requesting the subpoena shall be responsible for the payment of any fees or expenses as set out in Government Code §2001.103.

(c) Within ten days after service of the subpoena or, if the compliance date is less than ten days after service, before the compliance date stated in the subpoena, the person to whom the subpoena is directed shall serve upon the commissioner, the ALJ, and the attorney or party designated in the subpoena, any written objection to the subpoena, appearance or to the inspection or copying of any or all of the designated material. The party serving the subpoena shall have five days to file a written response to the objection. No oral argument shall be heard on the objection unless the commissioner or ALJ directs.

§93.210. Discovery; Protective Orders; Motions To Compel.

Except as modified by SOAH, parties have the discovery rights set out in the Administrative Procedure Act. If a party or witness is asked to produce information that is exempt or privileged under the Texas Rules of Civil Procedure or the Texas Rules of Civil Evidence, the party, in addition to filing a written objection under §93.209(c) of this title (relating to Subpoenas), may make a motion with the ALJ for a protective order. The objecting party must request an *in camera* inspection as set out in 1 TAC §155.251(c)(7). The ALJ shall rule on all objections and motions under this section.

§93.211. Administrative Record.

(a) The cost of a transcript of an administrative proceeding requested by a party is paid by the party requesting the transcript. If the ALJ *sua sponte* orders that an administrative hearing be recorded by a court reporter, the cost of a transcript of the administrative proceeding is split equally between the parties.

(b) In the event a final decision or final order is appealed to district court and the Department is required to transmit to the reviewing court a copy of the administrative record of the administrative proceeding, or any part thereof, the appealing party shall pay all of the costs of the preparation of any original or certified copy of the administrative record of the administrative proceeding, including the preparation of any transcript of the hearing that is required to be sent to the reviewing court. If more than one party appeals the decision, the cost of the preparation of the administrative record shall be divided equally among the appealing parties or as agreed by the parties.

§93.212. Proposal for Decision.

- (a) Following a contested case hearing, the ALJ shall review the evidence and testimony and prepare a PFD which shall include findings of fact and conclusions of law, and, if appropriate, may include recommendations for an appropriate decision or sanction.
- (b) The ALJ shall serve copies of the PFD on all parties of record within 30 days after conclusion of the hearing. The parties may submit exceptions to the PFD and replies to the exceptions. Exceptions, replies to exceptions, and related briefs must be submitted to the ALJ and to the commission through the department and, unless otherwise indicated, must be filed within deadlines established by the ALJ. The ALJ may amend the PFD in response to the exceptions, replies, or briefs submitted. If the ALJ makes substantive revisions, the ALJ shall circulate the amended PFD to the parties for additional exceptions and briefs before submitting the PFD to the Department.
- (c) The ALJ shall submit the PFD together with all materials listed in the APA §2001.060, to the Department. No additional briefs may be submitted after the case is under submission to the commission for decision unless requested by the commission. The APA §2001.058 provides the standards the commission must follow if its decision differs from the PFD.
- (d) The commission shall make a decision regarding the PFD within 30 days of the date of receipt of the PFD.

§93.213. Appearances and Representation.

A party may be represented by an attorney or by an authorized representative, if that person observes proper decorum and the instructions of the ALJ. The ALJ may require any person appearing in a representative capacity to provide evidence of authority to appear as the party's representative.

§93.214. Recovery of Department Costs.

The ALJ may allocate costs incurred by the department among the parties in accordance with applicable law. Notwithstanding any other provision of this chapter, the ALJ may impose costs that are solely or primarily attributable to a particular party against that party.

Subchapter C. Appeals of Preliminary Determinations on Applications

§93.301. Finality of Decision; Request for SOAH Hearing; Waiver of Appeal.

(a) The commissioner shall issue a preliminary decision on all applications. Unless a party files a timely written appeal to the commission, the preliminary decision of the commissioner will become final and non-appealable when the time for appeal set out in Finance Code §122.007 or §122.011 expires. If a party submits a written waiver of its right to appeal, the preliminary commissioner's decision becomes final and non-appealable on receipt of the waiver. If a party files a timely appeal, the commissioner's preliminary decision is automatically withdrawn and the Department will refer the matter to SOAH. The commissioner may, at the commissioner's sole discretion, refer any matter to SOAH for hearing prior to and in lieu of entering a preliminary decision.

(b) Notwithstanding subsection (a) of this section, if an application is approved without modification, and no protest or comment was received during the notice period, the commissioner may determine that the preliminary decision of approval should become final immediately.

§93.302. Referral to ADR.

The commissioner may order the parties to participate in non-binding ADR if the commissioner determines that any two of the following conditions are present:

- (1) the parties have not engaged in meaningful negotiation;
- (2) the controversy is reasonably susceptible to compromise or resolution; or
- (3) ADR may produce cost savings.

§93.303. Hearings on Applications.

(a) If ADR is not used or if it fails to resolve the controversy, an applicant or other person aggrieved by the commissioner's preliminary determination may appeal to the commission. In such a case, the commissioner shall refer the matter to SOAH and will furnish to the ALJ all statutes, rules and policies upon which the preliminary decision, if any, was based.

In preparing a PFD, the ALJ shall consider this information along with the testimony and documentary evidence presented at the hearing.

(b) **Burden of Proof for Unprotested Applications.** The applicant must prove each of the statutory and regulatory requirements for approval by a preponderance of the evidence.

(c) **Burden of Proof for Protested Applications.** The applicant must prove each of the statutory and regulatory requirements for approval by a preponderance of the evidence. In cases in which field of membership is at issue, the protestant must establish by a preponderance of the evidence that overlapping fields of membership will unreasonably harm the protestant. For the purposes of this section, to constitute "unreasonable harm" an overlap must threaten the protestant's welfare and stability or its financial viability to such an extent that it would adversely impact its safety and soundness as a credit union.

§93.305. Appeals of All Other Applications for Which No Specific Procedure is Provided by this Title.

If ADR is not used or fails to resolve the controversy, whether the application is protested or unprotested, the applicant has the burden to prove each of the applicable statutory and regulatory requirements for approval by a preponderance of the evidence.

Subchapter D. Appeals of Cease and Desist Orders and Orders of Removal

§93.401. Appeals Of Cease And Desist Orders And Orders Of Removal.

- (a) Unless the board of directors or person affected by the order files a timely written appeal, the commissioner's cease and desist order or order of removal becomes final and non-appealable when the applicable statutory time for appeal expires.
- (b) If a timely request for appeal is filed, the commissioner shall forward the matter to SOAH to set a hearing.
- (c) The hearing on a cease and desist order or order of removal is closed to the public. The orders, correspondence, and records relating thereto, are confidential and cannot be revealed to the public. Parties with access to confidential information during the contested case must sign a confidentiality agreement as provided in §91.8000(f) of this title (relating to Discovery of Confidential Information).
- (d) At the hearing, the commissioner must establish a prima facie case that the statutory or regulatory violations or the unsafe or unsound practices justify the cease and desist order or order of removal.

§93.402. Stays.

Where an order by its terms, by statute, or by these rules will become final before a hearing can be held, any aggrieved party who has filed a timely request for hearing under this chapter may file a written request with the commissioner to stay part or all of the order until the matter has been heard and a final decision issued. The commissioner may grant a stay where the respondent has adequately demonstrated a reasonable defense which might result in the respondent prevailing on the merits at the hearing, the respondent will be irreparably injured in the absence of the stay, the stay would not substantially or irreparably harm other interested persons, and the stay would not jeopardize the public interest or contravene public policy.

Subchapter E. Appeals of Orders of Conservation

§93.501. Appeals of Orders of Conservation.

- (a) Unless the credit union's former board of directors files a timely written appeal, the commissioner's order of conservation becomes final and non-appealable when the statutory time for appeal expires.
- (b) If a timely request for hearing is filed with the appeal, the commissioner shall forward the matter to SOAH to set a hearing.
- (c) The credit union's former board of directors has the burden to prove by a preponderance of the evidence that the board should regain control of the credit union. The SOAH hearing on an order of conservation is closed to the public. All orders and correspondence relating thereto are confidential and may not be revealed to the public. Parties with access to confidential information during the contested case must sign a confidentiality agreement as provided in §91.8000(f) of this title (relating to Discovery of Confidential Information).
- (d) Parties must file exceptions, if any, to the PFD within five days after the date of service of the PFD. Replies to exceptions shall be filed within three days of the date of service of the exceptions.
- (e) The Commission shall meet to consider the PFD no later than 45 days after the Department receives the PFD from SOAH.

§93.502. Retention of Attorney.

In the event a credit union retains an attorney or hires other persons to assist the credit union in contesting or satisfying the requirements of an order of conservation, the commissioner shall authorize the payment of reasonable fees and expenses for such persons as expenses of the conservatorship. In order for the commissioner to determine the reasonableness of the fees and expenses, the credit union must submit a billing statement showing the billable rate, the number of hours claimed, and a detailed description of services performed and related expenses incurred. The credit union may also submit copies of other bids received for the services, research substantiating the reasonableness of the fees charged, or any other evidence the credit union believes may support the reasonableness of the fees and expenses. Any fees or expenses the commissioner deems unreasonable shall not be authorized for payment.

Subchapter F. Appeal of Commissioner's Final Determination to the Commission

§93.602. Decision by the Commission.

The Commission shall consider the questions raised in the appeal, as well as any additional matters pertinent to the appeal, whether or not included in the motion for appeal. Decisions by the Commission must be based on testimony and other evidence in the hearing record. The Commission may adopt or decline to adopt, with or without changes, all or part of the commissioner's decision or the ALJ's PFD and the underlying findings of fact and conclusions of law. The Commission may remand the proceeding for further consideration by the commissioner with or without reopening the hearing. The Commission may take any additional actions it considers to be just and reasonable, as permitted by law.

§93.603. Oral Arguments Before the Commission.

Any party wishing to present oral arguments to the Commission must make a written request at least fifteen days before the scheduled Commission meeting. The request must state the length of time the party seeks. The Commission, may grant or deny the request. If the request is granted, the Commission will determine the amount of time allotted and the issues on which oral argument is allowed. The Commission may deny the request for oral argument but request that the parties be present at the meeting at which the case is to be considered to address any questions that Commission members may have.

§93.604. Motion for Rehearing.

The procedures and deadlines of APA govern the filing of a motion for rehearing with the Commission.

§93.605. Final Decisions and Appeals.

- (a) The Commission's decision is final and non-appealable:
 - (1) if a motion for rehearing is not filed on time, upon the expiration of the period for filing a motion for rehearing; or
 - (2) if a motion for rehearing is filed on time, on the date the order overruling the motion for rehearing is rendered; or the motion is overruled by operation of law.
- (b) A party to a contested case who has exhausted all administrative remedies and who is aggrieved by a final decision of the Commission in a contested case may seek judicial review of the decision.

C.3.a. CREDIT UNION OWNERSHIP OF PROPERTY

7 TAC Part 6, Chapter 91, Subchapter D, Section 91.401, Credit Union Ownership of Property

BACKGROUND: The proposed amendments, identified as a part of the Credit Union Department's quadrennial rule review process, would harmonize the definition of "premises" with the National Credit Union Administration's definition for purposes of the limitation on credit union ownership of property, delete references to terms that were removed from the rule with the 2015 amendments, and make organizational and other non-substantive changes for improved readability.

RECOMMENDED ACTION: The Department recommends that the Committee recommend the Commission approve the proposed amendments for publication and comment.

RECOMMENDED MOTION: I move that the Committee recommend that the Commission approve for proposal and publication the amendments to 7 TAC, Part 6, Chapter 91, Subchapter D, Section 91.401, Credit Union Ownership of Property.

7 TAC §91.401

The Credit Union Commission proposes amendments to §91.401, Credit Union Ownership of Property.

EXPLANATION OF AND JUSTIFICATION FOR THE RULES

The proposed amendments, identified as a part of the Credit Union Department's quadrennial rule review process, would harmonize the definition of "premises" with the National Credit Union Administration's definition for purposes of the limitation on credit union ownership of property, delete references to terms that were removed from the rule with the 2015 amendments, and make organizational and other non-substantive changes for improved readability.

COST TO REGULATED PERSONS. This rule proposal is not subject to Texas Government Code §2001.0045 concerning increasing costs to regulated persons because this agency is a self-directed semi-independent (SDSI) agency under Finance Code Chapter 16 and is therefore exempt under §2001.0045(c)(8).

GOVERNMENT GROWTH IMPACT STATEMENT. In compliance with Texas Government Code §2001.0221, the Department has prepared a government growth impact statement.

For each year of the first five years that the rule as amended will be in effect, the rule will not:

- create or eliminate a government program;
- require the creation of new employee positions or the elimination of existing employee positions;
- require an increase or decrease in future legislative appropriations to the Department;
- require an increase or decrease in fees paid to the Department;
- create new regulations;
- expand, limit, or repeal existing regulations;
- increase or decrease the number of individuals subject to the rule's applicability;
- positively or adversely affect this state's economy.

ENVIRONMENTAL RULE ANALYSIS. The proposed rule is not a "major environmental rule" as defined by Government Code, §2001.0225. The proposed rule is not specifically intended to protect the environment or to reduce risks to human health from environmental exposure. Therefore, a regulatory environmental analysis is not required.

FISCAL IMPACT ON STATE AND LOCAL GOVERNMENTS. Mike Riepen, Commissioner, has determined that for the first five-year period the proposed amendments are in effect, there are no reasonably foreseeable implications relating to cost or revenues of state or local governments under Government Code §2001.024(a)(4) as a result of enforcing or administering these amendments as proposed.

PUBLIC BENEFIT/COST NOTE. Mr. Riepen has determined, pursuant to Government Code §2001.024(a)(5), that for the first five-year period the amended rules are in effect, the public benefit is increased clarity and readability of the rule. He has further determined there will be no probable economic cost to the credit union system or to persons required to comply with the rule.

IMPACT ON LOCAL EMPLOYMENT OR ECONOMY. There is no reasonably anticipated effect on a local economy for the first five years that the proposed amendments are in effect. Therefore, no economic impact statement, local employment impact statement, or regulatory flexibility analysis is required under Texas Government Code §§2001.022 or 2001.024(a)(6).

ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS FOR SMALL BUSINESSES, MICROBUSINESSES, AND RURAL COMMUNITIES. Mr. Riepen has also determined that for each year of the first five years the proposed amendment is in effect, there will be no reasonably forecasted adverse economic effect on small businesses, micro-businesses, or rural communities as a result of implementing these amendments, and, therefore, no regulatory flexibility analysis, as specified in Texas Government Code §2006.002, is required.

TAKINGS IMPACT ASSESSMENT. No private real property interests are affected by this proposal, and the proposal does not restrict or limit an owner's right to his or her property that would otherwise exist in the absence of government action. Therefore, the rule does not constitute a taking under Texas Government Code §2007.043.

REQUEST FOR PUBLIC COMMENT. The Department is requesting public comments on the proposed amendments and information related to the cost, benefit, or effect of the proposed rules, including any applicable data, research, or analysis, from any person required to comply with the proposed rule or any other interested person. Please include an explanation of how and why the submitted information is specific to the proposed rules. Please do not submit copyrighted, confidential, or proprietary information. Written comments on the proposed amendments may be submitted in writing to Devon Bijansky, General Counsel, Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699 or by email to CUDMail@ cud.texas.gov. To be considered, a written comment must be received within 30 days after publication of the proposal in the *Texas Register*.

STATUTORY AUTHORITY. The amendments are proposed pursuant to Texas Finance Code, Section 15.402, which authorizes the Commission to adopt reasonable rules for administering Texas Finance Code, Title 2, Chapter 15 and Title 3, Subtitle D. Authority to adopt these amendments is found also in Texas Finance Code Sections 124.351.

STATUTORY SECTIONS AFFECTED. The statutory provisions affected by the proposed amendments are contained in Texas Finance Code Chapter 15 and Title 3, Subtitle D specifically Finance Code Section 124.351.

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

91.401 Credit Union Ownership of Property

(a) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

~~[(1) Equipment includes all movable furniture, fixtures, and equipment of the credit union, its branch offices, and consolidated credit union service organizations, including automobiles and other vehicles, and any lien on the above.]~~

(1) [(2)] Immediate family member —[—]a spouse or other family member living in the same household.

(2) [(3)] Premises – any real property where the credit union transacts or will transact business. [include the cost less accumulated depreciation, of land and buildings actually owned and occupied (or to be occupied) by the credit union, its branch offices, and consolidated credit union service organizations. This includes vaults, fixed machinery, parking facilities, and real estate acquired and intended, in good faith, for future expansion. It also includes capitalized leases, leasehold improvements, and remodeling costs to existing premises.]

(3) [(4)] Senior management employee [Management Employee] – [–]the chief executive officer, any assistant chief executive officers (e.g. vice presidents and above) and the chief financial officer.

(b) Restrictions on Ownership of Property. A credit union shall not acquire real property for any purpose other than majority use as premises.

(1) A credit union investing in real property, including a leasehold interest therein, with a good faith intention to use it in future expansion must put the majority of each property into service for credit union business within six years after making the investment.

(2) The Commissioner may extend the six-year period in paragraph (b)(1). To seek an extension, a credit union must submit a written request and fully explain why it needs the extension. The Commissioner will approve or disapprove the request in writing based on safety and soundness considerations.

(c) [(b)] Investment Limitations on Premises. Without the prior written consent of the Department, a credit union may not directly or indirectly invest an amount in excess of its net worth in premises. In support of an application for approval of an additional investment in premises, a credit union shall submit such statements and reports as the Department requires.

(1) When analyzing an application for an additional investment in credit union premises, the Department will consider:

(A) consistency with safe and sound credit union practices;

(B) the reasonableness of the amount of credit union premises and the annual expenditures required to carry them relative to the credit union's net worth and the nature and volume of operations; and

(C) the effect of the investment on future earnings.

(2) The Department will consider denying a request for an additional investment in credit union premises when:

(A) the additional investment would have a material negative effect on the credit union's earnings, capital, or liquidity; or

(B) the credit union has not demonstrated a reasonable need for the additional investment.

(3) The Department may impose appropriate special conditions for an approval of an additional credit union premises investment if it determines that they are necessary or appropriate to protect the safety and soundness of the credit union or to further other supervisory or policy considerations.

~~[(e) Restrictions on Ownership of Property. A credit union shall not acquire premises for the principal purpose of engaging in real estate rentals or speculation.]~~

(d) Transactions with insiders.

(1) Without the prior approval of a disinterested majority of the board of directors recorded in the minutes or, if a disinterested majority cannot be obtained, the prior written approval of the commissioner, a credit union may not directly or indirectly:

(A) ~~[(1)]~~ sell or lease an asset of the credit union to a director, committee member, or senior management employee, or immediate family member[s] of such individual; or

(B) ~~[(2)]~~ purchase or lease an asset in which a director, committee member, senior management employee, or immediate family member[s] of such individual has an interest.

(2) All transactions with family members not **defined as immediate family members in paragraph (a)(1)** must be conducted at arm's length and in the interest of the credit union.

~~[(e) Use requirement for premises. If real property or leasehold interest is acquired and intended, in good faith, for use in future expansion, the credit union must partially satisfy the "primarily for its own use in conducting business" requirement within five years after the credit union makes the investment.]~~

~~[(f) Consent to Exceed Limitation. Generally, a credit union need not obtain the Department's approval to invest in premises. However, prior approval is required if the total aggregate investment in premises will exceed the credit union's net worth. A credit union shall submit such statements and reports as the Department may require in support of the higher investment limit.]~~

(1) When analyzing an application for an additional investment in credit union premises, the Department will consider:

(A) Consistency with safe and sound credit union practices;

(B) The reasonableness of the amount of credit union premises and the annual expenditures required to carry them relative to the credit union's net worth and the nature and volume of operations; and

(C) The effect of the investment on future earnings.

(2) The Department will consider denying a request for an additional investment in credit union premises when:

(A) The additional investment would have a material negative effect on the credit union's earnings, capital, or liquidity; or

(B) The credit union has not demonstrated a reasonable need for the additional investment.

(3) The Department may impose appropriate special conditions for an approval of an additional credit union premises investment, if it determines that they are necessary or appropriate to protect the safety and soundness of the credit union or to further other supervisory or policy considerations.]

D

COMMISSIONER EVALUATION COMMITTEE REPORT

D. The Commissioner Evaluation Committee is a standing committee of the Commission. The Committee will report on their activities and recommendations to the Commission.

- ❖ Recommendations related to the Commissioner's FY 2025 Performance Review.
- ❖ Recommendations related to the Commissioner's FY 2026 Performance Evaluation Process.

RECOMMENDED ACTION: The Department recommends that the Commission accept the Committee's report as presented.



CREDIT UNION DEPARTMENT COMMISSIONER PERFORMANCE EVALUATION PROCESS

Per the Texas Credit Union Commission's Policy Manual, the Evaluation Committee will coordinate an annual review of the Credit Union Commissioner's performance. Each annual review will reflect the Commissioner's leadership of the Department during the recently completed Fiscal Year. The purpose of this annual review is to ensure the effective management and oversight of the Texas Credit Union Department, to consider adjustments to the Commissioner's salary, and to set leadership goals with the Commissioner for the ensuing year. The evaluation process will begin at the Fiscal Year end (August 31,) and will culminate at the last regularly scheduled Commission meeting of the calendar year.

This process is fully outlined in this document and is to be updated yearly as necessary and as instructed within. The process includes the Commissioner Performance Evaluation Tool (Parts I-V,) the Commissioner Performance Evaluation Report, and the Commissioner Performance Evaluation Decision (Re: Commissioner Renumeration.)

At the close of the Fiscal Year, the Commissioner shall complete Part I: Self-Evaluation of the Commissioner Performance Evaluation Tool according to the instructions given and shall send all required information in electronic form to the Commission Members by September 30. (The Part I submission shall include at a minimum: completed tables from Parts II and III with FY actual results, self-scores, leadership goal documentation, written reflections, and proposal of new goals.) The Chair of the Evaluation Committee shall communicate with the Commissioner and Executive Assistant to confirm this important step occurs.

After this, the Chair will work with the Executive Assistant to ensure the immediate distribution of this Commissioner Performance Evaluation Process document (as approved for the fiscal year under review) to all Commission Members for their use. Additionally, the Executive Assistant should resend the monthly accomplishment documents for all 12 months of the FY under review. Subsequently, the Commission Members shall refer to the Commissioner's submission of Part I: Self-Evaluation to individually complete Parts II, III and IV. They may choose to also use any other documentation available to them. Members shall return their completed Performance Evaluation Tools Parts II, III and IV directly to the Chair of the Evaluation Committee to provide confidentiality and protect the integrity of this process. Tools shall be sent to the Chair of the Evaluation Committee by October 20.

The Chair of the Evaluation Committee will then compile results in preparation for an annual Evaluation Committee meeting to be held during the week of the last regularly scheduled Commission meeting of the calendar year. The Committee shall discuss the results in Executive Session and prepare two recommendations for the Commission. These shall include: 1) adoption of the Committee's reporting of results for the Commissioner Performance Evaluation, and 2) adoption of the Commissioner Performance Evaluation Process document for the ensuing fiscal year as updated by the Evaluation Committee. (See Part V. Final Steps for more details.) These recommendations shall be presented to the Commission for consideration and approval at the last regularly scheduled Commission meeting of the calendar year, typically held in November.

The Commission should address the recommendations above and discuss in Executive Session the Commissioner's Renumeration for the coming year. The Commissioner is the only position at the Department that is exempt from the State's Position Classification Plan. The Credit Union Commission has sole authority to determine the salary for this position. It is prudent for the Commission to make current salary comparisons through reports such as the State Auditor's Office August 2020 Report on Executive Compensation at State Agencies (Report No. 20-706) and comparable salary information of selected positions at state and federal regulatory agencies with similar responsibilities.

The Chair of the Evaluation Committee will meet with the Commissioner immediately following the Commission Meeting for necessary signatures and ensure the appropriate filing of documents. The Commissioner and Executive Assistant will send the required copies to the appropriate individuals and departments. The originals shall be kept on file at the Department.

CREDIT UNION DEPARTMENT
COMMISSIONER PERFORMANCE EVALUATION TOOL
Credit Union Commissioner: Mike Riepen
Fiscal Year of Evaluation: September 1, 2024-August 31, 2025

Part I. Self-Evaluation (Must be completed by Commissioner)

A. Documentation

Review and respond to Part II: Objective Evaluation. Complete Table A with actual results for the just completed FY and score your performance using the scoring key provided. Complete Table B by scoring yourself on each leadership goal, noting what type of documentation you are including with your submission. All data and documentation, as well as your self-scores, will be reviewed by each Commission Member as they complete their individual evaluation of your performance.

B. Reflection

Review and respond to Part III: Subjective Evaluation. Score your performance using the scoring key provided. Choose 2-3 items in each of the three sections and provide written reflections. This is your opportunity to explain your reasoning for the scores you have given yourself. You may provide additional documentation or information if you choose, but it is not required. Your self-scores, written reflections and any additional documentation will be reviewed by each Commission Member as they complete their individual evaluation of your performance.

C. Projection

Write at least three or more leadership goals for the ensuing fiscal year for the Evaluation Committee's consideration.

First, consider these guiding questions and others that may come to mind. You may share your written thoughts with the committee or keep them to yourself.

- What are the top five priorities of the Department at present?
- What are the needs of your staff?
- What obstacles did you encounter this year?
- How can your leadership style be improved and made more effective?
- Are there any books or professional development programs you would like to pursue?

After reflecting on the questions above, propose your new leadership goals for next year. The Committee will review your input as they prepare their recommendations to the Commission.

Write your proposed goals with the starter, "The Commissioner will..."

- ✓ What leadership goals would you propose for the new FY? (Minimum 3)

Part II. Objective Evaluation (65%)

Scoring of Goals and Measured Objectives:

- 3 = Goal/obj was exceeded
- 2 = Goal/obj was achieved
- 1 = Goal/obj was partially achieved
- 0 = Goal/obj was not achieved

A. Performance Measures from FY 2025 Annual Operating Plan & Budget

Measured Objective	Target	FY Actual	Score
Strategic Goal 1			
Percentage of credit unions receiving regular examination annually	75%		
Percentage of applications approved or denied within 60 days	100%		
Percentage of credit unions with composite CAMEL ratings of 1 or 2	85%		
Percentage of assets held in credit unions with CAMEL ratings of 1 or 2	95%		
Percentage of credit unions that are "Well Capitalized" as defined by federal statute	95%		
Percentage of reports mailed to credit unions within 25 days	98%		
Percentage of total available work time utilized to conduct both regular and remedial examination work (aka E-Time Ratio)	70%		
Assets examined per examiner day	\$19.5 million		
Average time to complete analysis of quarterly financial data (after the submittal deadline for the most recent 5300 Call Report)	within 40 days		
Strategic Goal 2			
Percentage of rule changes provided to credit unions within 60 days after adoption	100%		
Percentage of interpretations/opinions issued within 30 days	100%		
Strategic Goal 3			
Percentage of complaints responded to within 40 days	95%		
Strategic Goal 4			
Percentage of exam related travel cost reduced by remote work	20%		
Annual examiner turnover rate	16%		
Average regulated assets per examiner (billions)	\$3.1 billion		
Percentage of purchases made from HUB vendors*:			
Professional Services	23.7%		
Other Services	26.0%		
Commodities	21.1%		
<i>*Three percentages reported but scored as one measure</i>			

Percentage of credit unions indicating quality service annually	90%		
Staffing level	95%		
Number of jobs fairs attended	2		
Turnover ratio (excluding retirements)	Less than 15%		
Accreditation by NASCUS Maintained in Good Standing	Yes		
Total Department costs relative to every \$100,000 in assets regulated	\$7.79		
Average Score (Total divided by 22)			

B. FY 2025 Leadership Goals

Goal	Documentation Included with Self-Evaluation (list) (ie, chart, certificate, summary, agenda, pictures, etc)	Score
1. The Commissioner will work with credit union leaders, industry leaders and legislators (as needed) regarding the upcoming legislative session and provide reports to the Commission at each meeting.		
2. The Commissioner will schedule site visits, 3-5 days per quarter, with CU executive teams and department field staff in various areas of Texas covering all asset categories (sizes) of CUs. He shall visit a minimum of 10% of the CUs during the FY and provide reports to the Commission at each meeting.		
3. The Commissioner will address staffing priorities, including filling vacancies, identifying potential succession candidates, and implementing specific steps to prepare staff for possible advancement, and provide reports to the Commission at each meeting.		
4. The Commissioner will evaluate the current facility and prepare a plan for maximizing and modernizing the space to accommodate future staff needs. He will consider the office space, meeting space and roof repair, and do necessary research. He will also investigate potential alternative sites for Commission meetings. He will provide reports to the Commission at each meeting.		
Average Score (Total divided by number of goals)		

Part II. Overall Average Score for All Goals and Measured Objectives (Total Averages divided by 2)	
---	--

Part III. Subjective Evaluation (35%)

Rating of Performance Behaviors:

- 3 = Exceeds expectations: Superior performance that consistently exceeds expectations.
- 2 = Meets expectations: Performance consistently meets and sometimes exceeds expectations.
- 1 = Below expectations: Performance may meet some expectations for the position, but improvement is necessary to move expectation to a satisfactory level.
- 0 = Does not meet expectations: Overall performance is unsatisfactory in all or most expectations.

A. Leadership

Leadership Performance Behavior	Score
1. Oversees the state credit union system and overall operation of the Department to ensure it is safe, sound, and competitive.	
2. Demonstrates expertise of the credit union industry, incl. state and federal statutory frameworks, applicable laws and regulations, and issues surrounding the industry.	
3. Identifies and proposes plans for strategic long-term goals so to fulfill the mission of the Department, cost-effectively and in compliance with all applicable laws and policies.	
4. Actively participates in regional and national meetings with federal regulators and in regulatory associations such as NASCUS.	
5. Ensures the Department is effectively staffed, and that staff are properly supervised, developed, and motivated to achieve their goals.	
6. Evaluates and proposes statutory and rule changes to promote the safety, competitiveness, and viability of Texas state-chartered credit unions.	
7. Reviews and revises Department policies and programs with sufficient frequency to ensure all internal and external policies and programs are current and appropriate.	
8. Represents the Department as a capable, dependable leader with great professionalism and integrity who has high standards for self as well as subordinates.	
9. Leads worthwhile, effective initiatives to ensure the viability of the Texas charter.	
Average Score (Total divided by 9)	

B. Financial Management

Financial Management Performance Behavior	Score
1. Develops and submits an appropriate annual budget for review and approval by the Commission.	
2. Monitors the status of the annual budget with effective frequency and detail.	
3. Keeps the Commission timely informed of significant deviations from the budget.	
4. Oversees all Department funds, financial activities, and funding requests so to assure the Department maintains a good financial position.	
5. Ensures integrity and fiscal responsibility by all staff involved in revenue collections and expenditures.	
6. Provides timely and effective written financial reports to the Commission.	
7. Demonstrates good judgment in financial decisions, ensuring expenditures are necessary, prudent, and within budgetary constraints.	
Average Score (Total divided by 7)	

C. Communication

Communication Performance Behavior	Score
1. Demonstrates the abilities to gain the respect of others, to be persuasive and to motivate others to a desired objective in difficult circumstances.	
2. Takes the initiative in interpreting programs to the Commission, in suggesting new ideas or plans, and in presenting matters for consideration.	
3. Maintains cohesive relationships and open communication with Commission members, staff, and other credit union leaders within the state and across state lines.	
4. Keeps the Commission informed of the financial condition and future needs of the Department and informs the Commission of potential problems in a timely manner.	
5. Keeps the Commission continuously informed of the functions of the Department and provides routine reports of the Department's programs and performance.	
6. Notifies the Commission of conservation orders and, immediately, of any request for a hearing to appeal a conservation order.	
7. Communicates well with the public, the media, various trade groups and associations, and when appropriate, the Legislature and Governor's office.	
8. Communicates effectively with the League and Coalition in a timely and appropriate manner, using a variety of communication measures.	
9. Promotes a positive organizational culture of mutual respect, service, teamwork, and care.	
10. Handles complaints, conflicts, issues, and concerns in a timely and professional manner.	
Average Score (Total divided by 10)	

Part III. Overall Average Score for All Performance Behaviors (Total Averages divided by 3)	
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Part IV. Commission Member Feedback

A. Summary Comments and Commendations

Write a few sentences summing up your view of the Commissioner's performance for the past fiscal year. Highlight specific accomplishments or areas. Attention to strengths is appreciated.

B. Comments Regarding Improvement/Change

Note any concerns. Make any suggestions for individual or Department improvement or changes. Such concerns or suggestions may or may not equate to a year-long leadership goal (See C.)

C. Possible Goals for Next Year

Write any suggestions for possible leadership goals for the Commissioner for the ensuing year. Examples of annual goals: (a) projects that move the Department to a more automated environment, (b) professional development for the Commissioner or staff, (c) strategies for increasing efficiency and effectiveness.

Commission Member's Printed Name

Commission Member's Signature

Date of Completion

Part V. Final Steps

The final steps in the Commissioner Performance Evaluation Process should be completed by the Chair of the Evaluation Committee in conjunction with the November Committee and Commission Meetings, as follows:

1. The Chair will compile the evaluation information from the Commissioner and Commission Members, calculate the results, and complete the Commissioner Performance Evaluation Report. The Chair will bring this completed report to the Evaluation Committee in an Executive Session for their review. Upon their review and agreement, the Chair will then present these results to the entire Commission at the end-of-year Commission Meeting and share the committee's recommendation for their approval.

2. The Evaluation Committee should consider the Commission Members' and Commissioner's input for new leadership goals, and in an Executive Session, work on these goals with the Commissioner. The Chair will work with the Evaluation Committee in Executive Session to review necessary updates to the Commissioner Performance Evaluation Process document for the subsequent Fiscal Year, revising appropriate dates and addressing specific items in its Tool. It must be updated to modify the internal measure target percentages as needed from the new fiscal year budget; (this budget was previously approved by the Commission at the summer meeting.) The Committee should also review the wording in the entire Process document and consider any revisions to improve these procedures.

The Committee Chair should bring their recommended updates to the Process Document and Tool, and their proposed Leadership Goals for the Commissioner, before the full Commission in an Executive Session (the next day or that week), for their final approval.

(Note: After Commission approval, The Chair of the Evaluation Committee should complete all approved revisions/final edits to the new Evaluation Process Document, including the new leadership goals, by the next Commission meeting (that is, the first meeting of the next calendar year.) At this meeting, The Chair should provide copies for all Commission Members to ensure completion and correctness.)

3. The Chair will complete the form, Commissioner Performance Evaluation Decision – Commissioner Renumeration. This will be completed after the end-of-year Commission Meeting to reflect the Commission's official decision.

4. The Chair will meet privately with the Commissioner immediately following the end-of-year Commission Meeting for the necessary signatures on the form, Commissioner Performance Evaluation Decision – Commissioner Renumeration. The Chair will communicate with the Commissioner and Executive Secretary to ensure each of these documents is filed appropriately and the state takes necessary action regarding any changes to renumeration. The originals shall be kept on file at the Department.



**CREDIT UNION DEPARTMENT
COMMISSIONER PERFORMANCE EVALUATION REPORT
Fiscal Year of Evaluation: September 1, 2024-August 31, 2025
Credit Union Commissioner: Mike Riepen**

Part I. Self-Evaluation (Informational)

- Satisfactorily Completed and Submitted on Time
- Satisfactorily Completed and Submitted Substantially Late
- Not completed

Part II. Objective Evaluation (65%)

Commission Members' Part II Overall Average Score: _____

$$\begin{array}{rcccl} \text{_____} & \times & 65\% & = & \text{_____} \\ \text{(Part II Average)} & & \text{(Weight)} & & \text{(Part II Weighted Score)} \end{array}$$

Part III. Subjective Evaluation (35%)

Commission Members' Part III Overall Average Score: _____

$$\begin{array}{rcccl} \text{_____} & \times & 35\% & = & \text{_____} \\ \text{(Part III Average)} & & \text{(Weight)} & & \text{(Part III Weighted Score)} \end{array}$$

Part IV. Additional Feedback

Part V. Final Evaluation

$$\begin{array}{ccc} \underline{\hspace{2cm}} & + & \underline{\hspace{2cm}} = \underline{\hspace{2cm}} \\ \text{(Part II Weighted Score)} & & \text{(Part III Weighted Score)} & & \text{(Total Score)} \end{array}$$

- Exceeded Expectations
- Achieved Expectations
- Partially Achieved Expectations
- Did Not Achieve Expectations

 Karyn Brownlee

Evaluation Chair Printed Name

Evaluation Chair Signature

Date

 Michael S. Riepen

Commissioner's Printed Name

Commissioner's Signature

Date



**CREDIT UNION DEPARTMENT
COMMISSIONER PERFORMANCE EVALUATION DECISION
COMMISSIONER RENUMERATION
Fiscal Year of Evaluation: September 1, 2024-August 31, 2025
Credit Union Commissioner: Mike Riepen**

Current Salary: \$ 217,360 **Effective Date:** January 1, 2025
Pay Adjustment: \$ _____ % _____
Future Salary: \$ _____ **Effective Date:** -

 Karyn Brownlee
Evaluation Chair Printed Name

Evaluation Chair Signature Date

 Michael S. Riepen
Commissioner's Printed Name

Commissioner's Signature Date

E

DEPARTMENT'S FY 2025 BUDGET FINANCIAL PERFORMANCE

E. Discussion and Consideration of the Department's FY 2025 Budget and Financial Performance.

BACKGROUND: Commissioner Riepen reported that in 2024 the Commission adopted a strategic plan for Fiscal Years 2025-2029. The \$5.9 million FY 2025 budget approved by the Commission in July 2024 includes the maintenance and operating budget and capital improvement budget in support of the Strategic Plan.

The following report highlights the Department's FY 2025 financial results for the fiscal year 2025. At the end of August 2025, total expenditures were \$475,048 or approximately 8.1 percent less than budgeted projections. The primary expense categories below budget estimates include Personnel Expenses (\$380,055) and Travel Expenses (\$93,149).

RECOMMENDED ACTION:No action is anticipated.

**Credit Union Department
BY 2025 Budget Analysis
For the Period Ended 08/31/25 Final**

	BY 2025 Budget	BY 2025 YTD Budgeted	BY 2025 YTD Actual	Budget Variance	Percent of YTD Budget
REVENUES:					
Operating Income					
Operating Fees	\$5,948,556	\$5,948,556	\$5,574,750	(\$373,806)	94%
Out-of-State Branch Fees	\$0	\$0	\$10,500	\$10,500	100%
Examination Fees	\$0	\$0	\$0	\$0	
Application Fees	\$0	\$0	\$0	\$0	
Penalties	\$0	\$0	\$331	\$331	
Other	(\$100,000)	(\$100,000)	(\$100,000)	\$0	
Operating Income Subtotal	\$5,848,556	\$5,848,556	\$5,485,581	(\$362,975)	94%
Interest Income (Operating Acct)	\$0	\$0	\$130,739	\$130,739	
Interest Income (Contingency Acct)	\$0	\$0	\$59,714	\$59,714	
TOTAL REVENUES - FUNDS AVAILABLE TO COVER EXPENDITURES	\$5,848,556	\$5,848,556	\$5,676,035	(\$172,521)	97%
EXPENDITURES:					
Personnel Expenses:					
Salaries and Wages	\$3,631,638	\$3,631,638	\$3,371,370	\$260,268	93%
Employee Benefits	\$1,110,313	\$1,110,313	\$990,526	\$119,787	89%
Total Personnel Expenses	\$4,741,951	\$4,741,951	\$4,361,896	\$380,055	92%
Travel Expenses:					
In State					
Examinations			\$0		
Training/Conferences			\$37,995		
Meetings			\$3,282		
Public Forums			\$0		
Other			\$6,542		
Total In-State	\$462,020	\$462,020	\$404,558	\$57,462	88%
Out-of-State	\$25,000	\$25,000	\$6,557	\$18,443	26%
Commission	\$24,000	\$24,000	\$6,756	\$17,244	28%
Total Travel Expenses	\$511,020	\$511,020	\$417,871	\$93,149	82%
Other Operating Expenses:					
Communication/Utilities	\$65,989	\$65,989	\$52,086	\$13,903	79%
Professional Services/Fees	\$236,183	\$236,183	\$211,333	\$24,850	89%
Supplies/Materials	\$74,532	\$74,532	\$94,613	(\$20,081)	127%
Printing and Reproduction	\$1,000	\$1,000	\$86	\$915	9%
Repairs/Maintenance	\$50,165	\$50,165	\$17,377	\$32,788	35%
Rentals and Leases	\$4,900	\$4,900	\$4,682	\$218	96%
Other Operating	\$162,817	\$162,817	\$213,565	(\$50,748)	131%
Total Other Operating Expenses	\$595,586	\$595,586	\$593,741	\$1,845	100%
TOTAL EXPENDITURES	\$5,848,557	\$5,848,557	\$5,373,509	\$475,048	92%
REMAINING FUNDS TO COVER EXPENDITURES (Actuals)			\$302,526		

F

STATUS OF THE STATE CREDIT UNION SYSTEM

F. Status of the State Credit Union System.

BACKGROUND: The Texas economy has performed satisfactorily during the first three quarters of 2025, and the economic outlook remains generally good. The Texas Workforce Commission recently reported that the Texas labor market added 17,600 non-farm positions in August 2025 and 195,600 non-farm jobs over the year ending August 31, 2025, resulting in an annual growth rate of 1.4 percent. This level exceeds the national rate of 0.9 percent.

The unemployment rate for Texas, as reported by the U.S. Bureau of Labor Statistics, remained at 4.1 percent for the end of August 2025, which is slightly below the national average of 4.3 percent. However, the reported unemployment rates for three of the four largest metropolitan areas in Texas were above the state-wide level. This represents a change from May 2025 when three of the four largest metropolitan areas in Texas were below the state level. The Austin-Round Rock-San Marcos area led the metro regions with a reported unemployment rate of 3.9 percent but experienced an increase from its May 2025 level of 3.4 percent. In addition, the August 2025 unemployment rate reported for both the Dallas-Fort Worth and San Antonio metro areas was 4.4 percent, followed by a 5.0 percent level reported for the Houston area. The Amarillo, Midland and San Angelo metropolitan statistical areas had the lowest unemployment levels with a 3.6 percent rate reported for August 2025.

A September 2025 press release by the Governor's Office reported the Texas economy was growing at a faster rate than the nation as a whole, with a gross domestic product (GDP) of 6.8 percent during the second quarter. This level was well above the national average of 3.8 percent. In addition, the U.S. Bureau of Economic Analysis reported that personal incomes in Texas increased by an annualized rate of 6.4 percent in the second quarter of 2025, which is above the nation's average of 5.5 percent.

INDUSTRY PERFORMANCE: Overall, the financial performance of Texas chartered credit unions remains sound. During the 2nd and 3rd quarters of 2025, several financial performance trends which were previously in a declining mode continued to improve. Further, while reportable loan delinquencies at credit unions remain at elevated levels, they have been relatively steady and have not increased noticeably during 2025. However, early-stage (30 to 59 day) loan delinquencies declined for the quarter ending September 30, 2025, to the lowest level in over four

years, and this appears to be an indication of improving asset quality trends. Also, earning performance trends, which were marginally satisfactory in 2024 and early 2025, have begun to reflect steady and significant improvement. The improvement and stabilization of these financial trends is particularly significant given the fact that each of the above key financial indicators deteriorated during the two years prior to 2025.

The annualized Return on Average Assets (ROAA) Ratio, a primary measurement of earnings performance, was 0.76 percent for Texas credit unions as of September 30, 2025, an increase of 23 basis points since March 31, 2025. For context, this figure was 0.96 percent as of December 31, 2022.

The decline in earnings trends over the prior two years (2023 and 2024) was driven by a rapid rise in funding costs, loan loss expenses, and operating costs. However, given the current interest rate environment, it is anticipated that the improvement with recent earnings trends will continue for the remainder of 2025 and into 2026. Several key trends for Texas credit unions are provided below:

Key Ratio	2019	2020	2021	2022	2023	2024	Sept. 25
Net Worth/Total Assets	11.10	10.36	10.43	10.90	11.34	11.53	11.68
Delinquent Loans/Total Loans	0.71	0.75	0.52	0.61	0.81	1.02	0.98
Net Charge-Offs/Avg. Loans	0.69	0.57	0.36	0.37	0.59	0.80	0.82
Return on Average Assets	0.88	0.70	1.08	0.96	0.69	0.54	0.76

While financial performance trends are improving steadily, it remains important for credit unions to monitor and adapt to the economic and financial environment to safeguard the financial interests of the over 4 million members of Texas credit unions.

INDUSTRY STATUS: As of **September 30, 2025**, there were **160** state-charters in Texas, down three credit unions from twelve months ago. Assets in these credit unions totaled **\$60.76 billion**, representing an increase of **\$2.12 billion** since **September 30, 2024**, or an annualized growth rate of **3.62 percent**. The aggregate net worth ratio for Texas credit unions is **11.68 percent**, up from the **11.52 percent** level reported on **September 30, 2024**.

Loans for Texas chartered credit unions totaled **\$44.10 billion** as of **September 30, 2025**. This is an increase of **\$1.61 billion** since **September 30, 2024**, for an annualized growth rate of **3.80 percent**.

Shares for Texas chartered credit unions totaled **\$50.88 billion** as of **September 30, 2025**. This is an increase of **\$1.55 billion**, or **3.13 percent** since **September 30, 2024**.

Texas chartered credit unions average loan delinquency ratio rose slightly to **0.98 percent** as of **September 30, 2025**, compared to a ratio of **0.93 percent** as of **September 30, 2024**.

For **September 30, 2025**, **21** state-chartered credit unions reported net losses year to date of **\$9.45 million**, while the remaining **139** credit unions reported aggregate net income of **\$348.81 million**. A breakdown of the number of credit unions with positive earnings performance, by asset category, is as follows:

Assets Size	# of CUs	# Profitable	% Profitable (09-30-2025)	% Profitable (12-31-2024)	% Profitable (12-31-2023)	% Profitable (12-31-2022)
\$1 Billion & over	18	17	94%	100%	100%	94%
\$500 to \$999.9 Million	16	15	94%	81%	80%	100%
\$250 to \$499.9 Million	13	12	92%	69%	100%	100%
\$100 to \$249.9 Million	22	17	77%	84%	88%	96%
\$50 to \$99.9 Million	19	18	95%	100%	85%	95%
\$10 to \$49.9 Million	43	38	88%	88%	89%	81%
Under \$10 Million	29	22	76%	87%	77%	59%
Totals	160	139	87%	88%	87%	86%

PROBLEM INSTITUTIONS: As of **September 30, 2025**, there were **18** credit unions assigned a composite CAMELS rating of 3 or higher, which is a decline of five credit unions from **September 30, 2024**. These institutions represent **11.25 percent** of all Texas charters under supervision. Credit unions in this category are monitored through a combination of off-site monitoring, regular on-site or remote contacts, and ongoing reviews for compliance with outstanding Documents of Resolution and other supervisory agreements or orders.

ENFORCEMENT ISSUES: As of **August 31, 2025**, the Department had the following administrative sanctions outstanding:

Dividend Restrictions	0
LUAs	0
Determination Letters	1
Conservatorships	0
Cease and Desist	3

CHARTERING ACTIVITY

New Charters*	0
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*Since last commission meeting

RECOMMENDED ACTION: No formal action is anticipated.

G

LITIGATION UPDATE

G. Pending Litigation.

**Credit Union Department v. Ken Paxton, Attorney General of Texas,
Cause No. D-1-GN-21-007168.**

**Cooperative Teachers Credit Union v. Credit Union Department, State
Office of Administrative Hearings; Docket No. 469-23-07487.**

RECOMMENDED ACTION: No formal action of the Commission is anticipated.

H

**FUTURE CREDIT UNION
COMMISSION MEETING DATES**

Friday, March 20, 2026

Friday, July 17, 2026

Friday, November 6, 2026

**All regular scheduled meetings will begin at 9:00
a.m. unless notified differently.**

**If anyone has conflicts with the proposed dates,
please contact Isabel Velasquez at (512) 837-9236.**

I

I. Swearing-in of Incoming Credit Union Department Commissioner.

J

J. ADJOURN

CREDIT UNION DEPARTMENT

INDUSTRY STATUS

AND

DEPARTMENTAL OPERATION

**Credit Union Department - State of Texas
Average Salary and Tenure by Race and Sex
FY26 - 1QTR
AGENCY**

Ethnic Group	Headcount	Female	Male	Hourly Employee	Hourly Rate	Total Monthly Salary	Average Monthly Salary	Total Annual Salary	Average Annual Salary	Years with CUD	Agency Years with CUD (Rehire)	State Service Years
Asian	2	0	2	0	\$ -	\$ 17,193.32	\$ 8,596.66	\$ 206,319.84	\$ 103,159.92	13.86	13.86	13.86
Black	9	6	3	0	\$ -	\$ 78,881.51	\$ 8,764.61	\$ 946,578.12	\$ 105,175.35	7.83	7.16	9.32
Hispanic	7	4	3	0	\$ -	\$ 49,509.29	\$ 7,072.76	\$ 594,111.48	\$ 84,873.07	10.18	4.02	10.18
NHOPI	1	1	0	0	\$ -	\$ 4,650.00	\$ 4,650.00	\$ 55,800.00	\$ 55,800.00	2.80	2.80	2.80
White	17	6	11	2	\$80.00 - \$82.82	\$ 148,727.30	\$ 8,748.66	\$ 1,784,727.60	\$ 104,983.98	8.43	3.12	11.59
TOTAL	36	17	19	2		\$ 298,961.42	\$ 7,566.54	\$ 3,587,537.04	\$ 90,798.46	8.62	6.19	9.55

FIELD STAFF

Ethnic Group	Headcount	Female	Male	Hourly Employee	Hourly Rate	Total Monthly Salary	Average Monthly Salary	Total Annual Salary	Average Annual Salary	Years with CUD	Agency Years with CUD (Rehire)	State Service Years
Asian	2	0	2	0	\$ -	\$ 17,193.32	\$ 8,596.66	\$ 206,319.84	\$ 103,159.92	13.86	13.86	13.86
Black	8	5	3	0	\$ -	\$ 72,412.76	\$ 9,051.60	\$ 868,953.12	\$ 108,619.14	8.69	7.94	9.76
Hispanic	5	3	2	0	\$ -	\$ 35,982.08	\$ 7,196.42	\$ 431,784.96	\$ 86,356.99	5.54	4.94	5.54
NHOPI	0	0	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	0.00	0.00	0.00
White	6	1	5	0	\$ -	\$ 42,129.49	\$ 7,021.58	\$ 505,553.88	\$ 84,258.98	3.96	2.78	3.96
TOTAL	21	9	12	0		\$ 167,717.65	\$ 6,373.25	\$ 2,012,611.80	\$ 76,479.01	8.41	6.91	6.62

ADMIN

Ethnic Group	Headcount	Female	Male	Hourly Employee	Hourly Rate	Total Monthly Salary	Average Monthly Salary	Total Annual Salary	Average Annual Salary	Years with CUD	Agency Years with CUD (Rehire)	State Service Years
Asian	0	0	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	0.00	0.00	0.00
Black	1	1	0	0	\$ -	\$ 6,468.75	\$ 6,468.75	\$ 77,625.00	\$ 77,625.00	0.88	0.88	5.85
Hispanic	2	1	1	0	\$ -	\$ 13,527.21	\$ 6,763.61	\$ 162,326.52	\$ 81,163.26	21.78	1.70	21.78
NHOPI	1	1	0	0	\$ -	\$ 4,650.00	\$ 4,650.00	\$ 55,800.00	\$ 55,800.00	2.80	2.80	2.80
White	11	5	6	2	\$80.00 - \$82.82	\$ 106,597.81	\$ 9,690.71	\$ 116,288.52	\$ 130,623.08	10.87	3.31	15.76
TOTAL	15	8	7	2		\$ 131,243.77	\$ 5,514.61	\$ 412,040.04	\$ 69,042.27	36.32	1.74	9.24