

By: Marchant

H.B. No. 1307

Substitute the following for H.B. No. 1307:

By: Solomons

C.S.H.B. No. 1307

A BILL TO BE ENTITLED

AN ACT

relating to the administration, operation, and regulation of credit unions.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 15.402, Finance Code, is amended by amending Subsections (a) and (c) and adding Subsections (b-1) and (d) to read as follows:

(a) The commission may adopt reasonable rules necessary to administer [~~for administering~~] this chapter and to accomplish the purposes of Subtitle D, Title 3.

(b-1) In adopting rules under this section, the commission shall consider the need to:

(1) promote a stable credit union environment;

(2) provide credit union members with convenient, safe, and competitive services;

(3) preserve and promote the competitive parity of credit unions with regard to other depository institutions consistent with the safety and soundness of credit unions; and

(4) promote or encourage economic development in this state.

(c) The commission by rule shall establish [~~set~~] reasonable and necessary fees for the administration of this chapter and Subtitle D, Title 3 [~~, charges, and revenues required to be paid by a credit union~~].

1        (d) The presence or absence in this chapter or Subtitle D,  
2 Title 3, of a specific reference to rules regarding a particular  
3 subject does not enlarge or diminish the rulemaking authority  
4 provided by this section.

5        SECTION 2. Section 15.403, Finance Code, is amended to read  
6 as follows:

7        Sec. 15.403. SUPERVISION AND REGULATION OF CREDIT UNIONS.  
8 ~~[(a) The commission and commissioner have the jurisdiction,~~  
9 ~~powers, and duties formerly conferred by law on the banking~~  
10 ~~commissioner of Texas in relation to managing, regulating, and~~  
11 ~~supervising credit unions.~~

12        ~~[(b)]~~ The commissioner shall supervise and regulate a  
13 credit union doing business in this state, other than a federal  
14 credit union, in accordance with this chapter and Subtitle D, Title  
15 3, including rules adopted under this chapter and Subtitle D, Title  
16 3.

17        SECTION 3. Subchapter E, Chapter 15, Finance Code, is  
18 amended by adding Sections 15.4031 and 15.4032 to read as follows:

19        Sec. 15.4031. CREDIT UNION COMMISSIONER HEARING. (a) The  
20 commissioner may convene a hearing to receive evidence and argument  
21 regarding any matter under this chapter or Subtitle D, Title 3,  
22 before the commissioner for decision or review. The hearing must be  
23 conducted under Chapter 2001, Government Code. A matter made  
24 confidential by law must be considered by the commissioner in a  
25 closed hearing.

26        (b) A hearing officer may conduct any hearing on behalf of  
27 the commissioner.

1       Sec. 15.4032. EXAMINATION OF RELATED ENTITIES. (a) In  
2 accordance with rules adopted by the commission, the commissioner  
3 may examine, to the same extent as if the services or activities  
4 were performed by a credit union on its own premises:

5           (1) a credit union service organization in which a  
6 credit union has a material interest;

7           (2) an organization engaged primarily in the business  
8 of managing one or more credit unions; and

9           (3) a third-party contractor providing electronic  
10 data processing, electronic fund transfers, or other member  
11 services on behalf of a credit union.

12       (b) The commissioner may collect a fee from an examined  
13 contractor or organization in connection with each examination to  
14 cover the cost of the examination or may collect that fee from the  
15 credit unions that use the examined contractor.

16       SECTION 4. Section 15.404, Finance Code, is amended to read  
17 as follows:

18       Sec. 15.404. ADMINISTRATION AND ENFORCEMENT OF STATUTES AND  
19 RULES. The commissioner shall administer and enforce this chapter  
20 and Subtitle D, Title 3, and rules adopted under this chapter and  
21 Subtitle D, Title 3.

22       SECTION 5. Subchapter E, Chapter 15, Finance Code, is  
23 amended by adding Sections 15.4041, 15.4042, 15.4043, 15.413, and  
24 15.414 to read as follows:

25       Sec. 15.4041. ISSUANCE OF INTERPRETIVE STATEMENTS. (a)  
26 The commissioner may issue interpretive statements containing  
27 matters of general policy to guide the public and credit unions, and

1 may amend or repeal a published interpretive statement by issuing  
2 an amended statement or notice of repeal of a statement.

3 (b) An interpretive statement may be disseminated by  
4 newsletter, through an electronic medium such as the Internet, in a  
5 volume of statutes or related materials published by the  
6 commissioner or others, or by any other means reasonably calculated  
7 to notify persons affected by the interpretive statement. Notice  
8 of an amended or withdrawn statement must be disseminated in a  
9 substantially similar manner as the affected statement was  
10 originally disseminated.

11 Sec. 15.4042. ISSUANCE OF OPINION. (a) In response to a  
12 specific request from a member of the public or the credit union  
13 industry, the commissioner may issue an opinion directly or through  
14 the deputy commissioner or a department attorney.

15 (b) If the commissioner determines that the opinion is  
16 useful for the general guidance of the public or credit unions, the  
17 commissioner may disseminate the opinion by newsletter, through an  
18 electronic medium such as the Internet, in a volume of statutes or  
19 related materials published by the commissioner or others, or by  
20 any other means reasonably calculated to notify persons affected by  
21 the opinion. A published opinion must be redacted to preserve the  
22 confidentiality of the requesting party unless the requesting party  
23 consents to be identified in the published opinion.

24 (c) The commissioner may amend or repeal a published opinion  
25 by issuing an amended opinion or notice of repeal of an opinion and  
26 disseminating the opinion or notice in a substantially similar  
27 manner as the affected opinion was originally disseminated. The

1 requesting party may rely on the original opinion if:

2 (1) all material facts were originally disclosed to  
3 the commissioner;

4 (2) the safety and soundness of the affected credit  
5 union will not be endangered by further reliance on the original  
6 opinion; and

7 (3) the text and interpretation of relevant governing  
8 provisions of this chapter or Subtitle D, Title 3, have not been  
9 changed by legislative or judicial action.

10 Sec. 15.4043. EFFECT OF INTERPRETIVE STATEMENT OR OPINION.  
11 An interpretive statement or opinion issued under this subchapter  
12 does not have the force of law and is not a rule for the purposes of  
13 Chapter 2001, Government Code, unless adopted by the commission as  
14 provided by Chapter 2001, Government Code. An interpretive  
15 statement or opinion is an administrative construction of this  
16 chapter or Subtitle D, Title 3, may be relied on by credit unions  
17 authorized to engage in business in this state, and is entitled to  
18 great weight if the construction is reasonable and does not  
19 conflict with this chapter or Subtitle D, Title 3.

20 Sec. 15.413. GIFTS OF MONEY OR PROPERTY. The department may  
21 accept money or property by gift, bequest, devise, or otherwise for  
22 any department purpose authorized by this chapter and Subtitle D,  
23 Title 3. A gift, bequest, or devise shall be used for the purposes  
24 specified by the grantor. The commission must approve acceptance  
25 and use of any gift, bequest, or devise under this section.

26 Sec. 15.414. AUTHORITY TO CONTRACT FOR PROFESSIONAL OR  
27 PERSONAL SERVICES. For the purpose of carrying out the powers,

1 duties, and responsibilities of the department, the commissioner  
2 may negotiate, contract, or enter into an agreement for  
3 professional or personal services. The commission by rule shall  
4 adopt policies and procedures consistent with applicable state  
5 procurement practices for soliciting and awarding contracts under  
6 this section.

7 SECTION 6. Section 121.002, Finance Code, is amended by  
8 adding Subdivisions (9)-(12) to read as follows:

9 (9) "Membership share" means a designated share  
10 account of a credit union consisting of the balance held by the  
11 credit union and established by a credit union member in accordance  
12 with the standards specified by the credit union.

13 (10) "Organization" means a corporation, partnership,  
14 association, limited liability company, or other legal entity.

15 (11) "Unsafe or unsound condition," with respect to a  
16 credit union, includes:

17 (A) being insolvent;

18 (B) having incurred or being likely to incur a  
19 loss that will deplete all or substantially all of the credit  
20 union's net worth; or

21 (C) being in imminent danger of losing the credit  
22 union's share and deposit insurance or guarantee.

23 (12) "Unsafe or unsound practice" means an action or  
24 inaction in the operation of a credit union that is contrary to  
25 generally accepted standards of prudent operation, the likely  
26 consequences of which, if continued, would be abnormal and material  
27 risk of loss or danger to a credit union, the credit union's

1 members, or an organization insuring or guaranteeing the credit  
2 union's shares and deposits.

3 SECTION 7. Section 121.006(a), Finance Code, is amended to  
4 read as follows:

5 (a) If the commissioner [~~commission~~] proposes to [~~suspend~~  
6 ~~or~~] revoke a credit union's certificate of incorporation, the  
7 credit union is entitled to a hearing conducted by the State Office  
8 of Administrative Hearings.

9 SECTION 8. Section 122.001(c), Finance Code, is amended to  
10 read as follows:

11 (c) The application must contain:

12 (1) two copies of the articles of incorporation, which  
13 must state:

14 (A) the name of the credit union;

15 (B) the municipality and county where the credit  
16 union's principal place of business is to be located;

17 (C) that the credit union's term of existence is  
18 perpetual;

19 (D) that the credit union's fiscal year is the  
20 calendar year;

21 (E) the initial share accounts;

22 (F) the name and address of, and the number of  
23 shares subscribed by, each incorporator;

24 (G) the number of directors constituting the  
25 initial board and the name and address of each person who will serve  
26 as director until the first annual meeting or until a successor is  
27 elected and qualified; and

1 (H) the definable community of interest shared by  
2 the members of the credit union at the time of incorporation; ~~and~~

3 (2) two copies of the standard bylaws for the general  
4 operation of the credit union; and

5 (3) a business plan covering three years and providing  
6 a detailed explanation of actions intended to accomplish the  
7 primary functions of the credit union.

8 SECTION 9. Section 122.003(a), Finance Code, is amended to  
9 read as follows:

10 (a) The name of a credit union must include the words  
11 "credit union" or the abbreviation "CU" and an appropriate  
12 descriptive word or words, or an acronym made up of initials of the  
13 appropriate descriptive word or words and ending in "CU," approved  
14 by the commissioner.

15 SECTION 10. Section 122.006, Finance Code, is amended by  
16 amending Subsections (a)-(c) and adding Subsection (f) to read as  
17 follows:

18 (a) The commissioner shall approve an application to  
19 incorporate a credit union if the commissioner determines:

20 (1) that the incorporators have complied with this  
21 chapter and rules adopted under this chapter; and

22 (2) ~~[the commissioner finds,]~~ from information  
23 furnished with the application, the results of any investigation,  
24 the evidence submitted at any hearing, and information in the  
25 department's official records, that:

26 (A) the character and general fitness of the  
27 incorporators and the members of the initial board warrant belief



1 that the credit union's business and affairs will be properly  
2 administered in accordance with this subtitle and rules adopted  
3 under this subtitle;

4 (B) the character and size of the field of  
5 membership to be served by the credit union conform with this  
6 subtitle and rules adopted under this subtitle and favor the credit  
7 union's economic viability; and

8 (C) the incorporators and the members of the  
9 initial board are acting in good faith and are making the  
10 application in accordance with the purposes of this subtitle.

11 (b) In addition to the determinations made [~~findings~~] under  
12 Subsection (a) and in accordance with commission rules, the  
13 commissioner shall consider the effect of overlapping fields of  
14 membership on the applicant credit union and existing state or  
15 federal credit unions doing business in this state. The  
16 commissioner may consider the availability and adequacy of  
17 financial services in the local community and the effect that the  
18 incorporation of the credit union would have on the local  
19 community. As a condition of approval of the application, the  
20 commissioner may require the applicant credit union to limit or  
21 eliminate overlaps, in accordance with the rules, to achieve the  
22 purposes of this subtitle and promote the welfare and stability of  
23 those credit unions.

24 (c) The commissioner by written order shall state the  
25 determinations [~~findings~~] required by Subsection (a) and approve or  
26 deny the application. The commissioner may make approval of an  
27 application conditional and shall include any conditions in the

1 order approving the application.

2 (f) A credit union may not use this section to alter or  
3 negate the application to the credit union of any law of this state  
4 regarding:

5 (1) permissible interest rates;

6 (2) loan fees; or

7 (3) licensing or regulatory requirements that relate  
8 to insurance, securities, marketing or sales activities, or real  
9 estate development and that are administered by an agency of this  
10 state.

11 SECTION 11. Sections 122.011(a) and (b), Finance Code, are  
12 amended to read as follows:

13 (a) The board may amend the articles of incorporation or  
14 bylaws by a two-thirds vote of the directors present at a meeting at  
15 which a quorum is present. The board ~~and~~ shall submit amendments  
16 to the commissioner.

17 (b) Unless the amendment is a standard bylaw adopted by the  
18 commission, the ~~The~~ commissioner in writing shall approve or  
19 disapprove an amendment.

20 SECTION 12. Section 122.013, Finance Code, is amended by  
21 amending Subsection (c) and adding Subsection (e) to read as  
22 follows:

23 (c) The commissioner may suspend or revoke a foreign credit  
24 union's authority to do business in this state if the commissioner  
25 finds that the foreign credit union:

26 (1) has violated a rule adopted under this subtitle;

27 (2) is in an unsafe or unsound condition;

1           (3) is engaged in a pattern of unsafe or unsound  
2 practices; or

3           (4) does not meet a commission requirement.

4           (e) A foreign credit union from a jurisdiction that allows a  
5 credit union to exercise additional powers and authorities not  
6 granted in this state may not exercise any of those powers or  
7 authorities in this state until the foreign credit union requests  
8 and obtains permission from the commissioner to exercise those  
9 powers or authorities. If the commissioner determines that there  
10 are no safety and soundness concerns, the commissioner shall  
11 approve the request and shall publish the powers or authorities  
12 granted in the manner authorized by Section 15.4041 or 15.4042 for  
13 the issuance of an interpretive statement or an opinion. When  
14 approved, those powers or authorities shall be available to all  
15 credit unions authorized to engage in business under this subtitle.

16           SECTION 13. Subchapter A, Chapter 122, Finance Code, is  
17 amended by adding Section 122.014 to read as follows:

18           Sec. 122.014. UNDERSERVED-AREA CREDIT UNION. (a) In this  
19 section, "secondary capital account" means a nontransactional  
20 account in an amount greater than \$100,000 as established by the  
21 commission that is:

22                   (1) owned by a person other than an individual; and

23                   (2) subordinated to other creditors.

24           (b) A credit union may apply to the commissioner for the  
25 designation of the credit union as an underserved-area credit  
26 union.

27           (c) The commissioner may designate a credit union as an

1 underserved-area credit union only if:

2 (1) at least 50 percent of a substantial and  
3 well-defined segment of the credit union's members or potential  
4 members who are at least 15 years of age earn not more than 80  
5 percent of the state or national household median income, whichever  
6 is higher;

7 (2) the credit union submits an acceptable written  
8 strategic plan for marketing to and serving the segment described  
9 by Subdivision (1); and

10 (3) the credit union submits other information and  
11 satisfies other criteria as may reasonably be required by the  
12 commissioner.

13 (d) In addition to the powers and authorities granted to  
14 credit unions under this subtitle or otherwise, an underserved-area  
15 credit union may:

16 (1) issue secondary capital accounts to members or  
17 nonmembers of the credit union on the filing of an application with  
18 and the advance approval of the commissioner; and

19 (2) accept shares and deposits from nonmembers.

20 (e) The commission may adopt rules for the organization and  
21 operation of underserved-area credit unions, including rules  
22 requiring disclosures to purchasers of secondary capital accounts  
23 and other rules concerning those accounts.

24 SECTION 14. Section 122.051, Finance Code, is amended by  
25 amending Subsection (d) and adding Subsections (e) and (f) to read  
26 as follows:

27 (d) In this subsection, "good cause" includes the act of

1 physically or verbally abusing a credit union member or employee. A  
2 person's membership in a credit union may be terminated or  
3 suspended [~~member may be expelled~~] for good cause or for not  
4 maintaining membership requirements, under the conditions and in  
5 accordance with the procedures provided in [~~by~~] the bylaws. A  
6 credit union may also discontinue providing any or all services to a  
7 member for good cause without terminating or suspending the  
8 person's membership. Termination or suspension of a person's  
9 membership in the credit union or discontinuing services does not  
10 relieve the person from any outstanding obligations owed to the  
11 credit union.

12 (e) Two or more persons within the credit union's field of  
13 membership who have jointly subscribed for one or more share or  
14 deposit accounts under a joint account and who have complied with  
15 all membership requirements may each be admitted to membership.

16 (f) A credit union authorized to engage in business under  
17 this subtitle may accept as a member any other credit union  
18 organized or chartered under the laws of this or another state or of  
19 the United States. Those credit union members are not entitled to  
20 any voting privileges.

21 SECTION 15. Section 122.052, Finance Code, is amended by  
22 amending Subsections (c) and (d) and adding Subsection (e) to read  
23 as follows:

24 (c) The board may authorize voting by mail or by electronic  
25 means. Mail and electronic balloting shall be conducted in  
26 accordance with commission rules.

27 (d) A member that is not an organization may not vote by

1 proxy. A member that is an organization may be represented by and  
2 vote through a designated representative [~~one of its members or~~  
3 ~~shareholders~~] who is authorized, in writing, by the organization's  
4 governing body to represent the organization.

5 (e) The credit union's bylaws may establish a minimum age  
6 requirement to vote.

7 SECTION 16. Section 122.053, Finance Code, is amended by  
8 amending Subsections (b) and (c) and adding Subsections (e) and (f)  
9 to read as follows:

10 (b) The membership of the credit union shall elect the board  
11 at an annual membership meeting, from the membership, and in the  
12 manner provided by the bylaws. A board member shall hold office  
13 until a successor is qualified and elected or appointed.

14 (c) A director shall take and subscribe to an oath or  
15 affirmation that the director:

16 (1) will diligently and honestly perform the  
17 director's duties in administering the credit union's affairs;

18 (2) although the director may delegate the performance  
19 of those duties, remains responsible for the performance of the  
20 duties; ~~and~~

21 (3) will not knowingly violate or willingly permit the  
22 violation of an applicable law; and

23 (4) will exercise the care and diligence reasonable  
24 and necessary to administer the affairs of the credit union in a  
25 safe and sound manner.

26 (e) The board shall meet at least once each month.

27 (f) If and to the extent provided in the bylaws, a director

1 may participate in and act at any meeting of the board by means of  
2 electronic communications equipment through which all persons  
3 participating in the meeting can communicate with each other.  
4 Participation in a meeting in the manner authorized by this  
5 subsection constitutes attendance at a meeting.

6 SECTION 17. Section 122.054, Finance Code, is amended to  
7 read as follows:

8 Sec. 122.054. QUALIFICATION OF DIRECTORS. (a) The  
9 commission by rule shall establish qualifications for a director.  
10 The rules must provide that a person may not serve as director if  
11 the person:

12 (1) has been convicted of a criminal offense involving  
13 dishonesty or breach of trust;

14 (2) is not eligible for coverage under the blanket  
15 bond required by Section 122.063 and rules adopted under this  
16 subtitle; or

17 (3) has defaulted on payment of a voluntary obligation  
18 to the credit union or has otherwise caused the credit union to  
19 incur a financial loss.

20 (b) The president or an employee of a credit union may not  
21 serve as director of the credit union unless permitted by the credit  
22 union's bylaws. If the bylaws permit the president or an employee  
23 to serve on the board, the bylaws must require that persons serve on  
24 the board so that the president and employees of the credit union  
25 never constitute a majority of the board.

26 SECTION 18. Section 122.055(a), Finance Code, is amended to  
27 read as follows:

1 (a) The office of a director becomes vacant if the director  
2 dies, resigns, is removed, has been absent from more meetings than  
3 the total number of absences permitted by commission rule, or does  
4 not possess or maintain the qualifications required to serve on the  
5 board.

6 SECTION 19. Section 122.057, Finance Code, is amended by  
7 amending Subsections (a) and (c) and adding Subsection (d) to read  
8 as follows:

9 (a) At the annual organizational meeting, the [The] board  
10 shall elect from its membership a chairman, vice chairman,  
11 treasurer, and secretary. The offices of treasurer and secretary  
12 may be held by the same individual.

13 (c) The board may appoint from its membership an executive  
14 committee of at least three persons to exercise, between board  
15 meetings, authority specifically delegated by the board under  
16 conditions specified by the board. At each board meeting, the  
17 executive committee shall report to the board regarding any meeting  
18 held or action taken by the committee between board meetings.

19 (d) The bylaws may establish a minimum age requirement to  
20 hold office in the credit union.

21 SECTION 20. Section 122.059, Finance Code, is amended to  
22 read as follows:

23 Sec. 122.059. DELEGATION OF MANAGEMENT AND LOAN APPROVAL  
24 AUTHORITY. (a) Without written approval of the commissioner, a  
25 credit union may not:

26 (1) contract with an individual who is not an officer,  
27 director, or employee of the credit union or with an organization



1 for the provision of the management of the credit union; or

2 (2) delegate to an individual who is not an officer,  
3 director, or employee of the credit union or to an organization the  
4 authority to manage the credit union.

5 (b) The board may delegate all or part of its power to  
6 approve or disapprove a loan to a credit committee, one or more  
7 other committees, or one or more individuals.

8 SECTION 21. Section 122.060, Finance Code, is amended by  
9 amending Subsection (a) and adding Subsection (c) to read as  
10 follows:

11 (a) The board chairman and the secretary:

12 (1) shall execute a certificate of election that  
13 states the name and address of each officer, director, and  
14 committee member elected or appointed; and

15 (2) not later than the 30th day after the date of the  
16 annual organizational meeting of election or appointment of any  
17 interim officer, director, or committee member, shall file a copy  
18 of the certificate of election with the department.

19 (c) The commissioner may accept a form prescribed by an  
20 insuring organization that contains substantially similar  
21 information as the certificate of election in lieu of the  
22 certificate. The acceptance of such a form does not limit the  
23 commissioner's power to require additional information concerning  
24 a newly elected or appointed officer, director, or committee  
25 member.

26 SECTION 22. Section 122.101(a), Finance Code, is amended to  
27 read as follows:

1 (a) A credit union shall submit to the department on a  
2 quarterly [~~semiannual~~] basis a call report, on a form supplied by  
3 the department, that states the credit union's financial condition.  
4 The commissioner may require a credit union to file additional  
5 financial [~~call~~] reports.

6 SECTION 23. Section 122.103, Finance Code, is amended to  
7 read as follows:

8 Sec. 122.103. EQUITY CAPITAL. A credit union's equity  
9 capital consists of:

10 (1) retained earnings [~~the aggregate amount of the~~  
11 ~~share accounts of its members~~];

12 (2) appropriated retained earnings, including net  
13 worth and other [~~all its~~] reserves; [~~and~~]

14 (3) [~~all its~~] undivided earnings; and

15 (4) other forms of capital in accordance with  
16 generally accepted accounting principles and approved by the  
17 commissioner.

18 SECTION 24. Section 122.104, Finance Code, is amended to  
19 read as follows:

20 Sec. 122.104. NET WORTH RESERVE ALLOCATIONS. (a) The  
21 commission by rule shall require a credit union to contribute to and  
22 maintain net worth reserves necessary to protect the interests of  
23 its members. The rule may:

24 (1) prescribe the purposes for which the net worth  
25 reserves may be used; and

26 (2) authorize the commissioner to approve other uses.

27 (b) The credit union's board may establish reserves in

1 addition to the required net worth reserves.

2 SECTION 25. The heading to Section 122.105, Finance Code,  
3 is amended to read as follows:

4 Sec. 122.105. MEMBERSHIP SHARE REDUCTION.

5 SECTION 26. Section 122.152(a), Finance Code, is amended to  
6 read as follows:

7 (a) After agreement by the directors and approval by the  
8 members, if applicable, of each credit union or federal credit  
9 union, the chairman [~~president~~] and secretary of each credit union  
10 or federal credit union shall execute a certificate of merger or  
11 consolidation that:

12 (1) includes a copy of the resolution or other action  
13 by which the board agreed to the merger or consolidation plan; and

14 (2) states:

15 (A) the time and place of the board meeting at  
16 which the board agreed to the merger or consolidation plan;

17 (B) the board's vote for and against adoption of  
18 the plan;

19 (C) the time and place of the meeting at which the  
20 members approved the plan, if applicable;

21 (D) the membership's vote for and against  
22 approval of the plan, if applicable; and

23 (E) the name of the surviving credit union.

24 SECTION 27. The heading to Section 122.255, Finance Code,  
25 is amended to read as follows:

26 Sec. 122.255. DETERMINATION OF MISCONDUCT [~~BY~~  
27 ~~COMMISSIONER~~].

1 SECTION 28. Section 122.256, Finance Code, is amended to  
2 read as follows:

3 Sec. 122.256. DETERMINATION [~~DEMAND~~] LETTER; BOARD  
4 MEETING. (a) If the commissioner determines from examination or  
5 other credible evidence that a credit union is in a condition that  
6 may warrant the issuance of an order under this chapter or Chapter  
7 126 [~~makes a finding listed in Section 122.255~~], the commissioner  
8 may notify [~~shall issue a demand letter giving written notice to~~]  
9 the credit union in writing of the commissioner's determination,  
10 the requirements the credit union must satisfy to abate the  
11 determination, and the time by which the requirements must be  
12 satisfied to avert further administrative action. The  
13 determination letter must be delivered in person or sent by  
14 registered or certified mail, return receipt requested [~~and each~~  
15 ~~offending person and stating each violation or practice found~~].

16 (b) If considered necessary, the [~~The~~] commissioner may  
17 [~~promptly shall~~] call a meeting of the credit union's board. The  
18 directors shall attend the meeting. The commissioner shall present  
19 to the board the findings stated in the determination [~~demand~~]  
20 letter and shall demand the discontinuance of any violation or  
21 unsafe or unsound practice found.

22 SECTION 29. Section 122.257(a), Finance Code, is amended to  
23 read as follows:

24 (a) If the commissioner makes a finding listed in Section  
25 122.255 and determines that an order to cease and desist is  
26 necessary and in the best interest of the credit union involved and  
27 its depositors, creditors, and members, the commissioner may serve

1 on the credit union, its board, and each offending person an order  
2 to cease and desist from a violation or practice specified in the  
3 order and to take affirmative action that the commissioner  
4 considers necessary to correct a condition resulting from a  
5 violation or unsafe or unsound practice found.

6 SECTION 30. Sections 122.258(a) and (c), Finance Code, are  
7 amended to read as follows:

8 (a) The commissioner by order may remove or prohibit a  
9 person who is a current or former officer, director, manager, or  
10 employee of a credit union from office, ~~[or]~~ employment, or further  
11 participation in the affairs of a credit union if the commissioner  
12 by examination or other credible evidence:

13 (1) finds that:

14 (A) the person has continued a violation or  
15 practice previously charged and found by the commissioner after  
16 issuance of a determination letter ~~[notice and demand]~~ under  
17 Section 122.256 or a cease and desist order under Section 122.257;  
18 and

19 (B) removal or prohibition is necessary and in  
20 the best interest of the credit union and its depositors,  
21 creditors, and members; or

22 (2) makes a finding listed in Section 122.255 and  
23 determines that removal or prohibition of the person is immediately  
24 necessary because the person has committed or is about to commit:

25 (A) a fraudulent or criminal act involving the  
26 conduct of the business of the credit union;

27 (B) an act that may cause the credit union to

1 become insolvent or to be placed in imminent danger of insolvency;  
2 or

3 (C) an act that otherwise threatens immediate and  
4 irreparable harm to the public or the credit union or its members,  
5 depositors, or creditors.

6 (c) On issuance of the order, the person has no right, duty,  
7 or authority of office or employment in the credit union. After the  
8 order becomes final, the person removed or prohibited may not hold  
9 office in, be employed by, or participate in the affairs of any  
10 ~~[the]~~ credit union without the prior written approval of the  
11 commissioner. The order is final as of the date of issuance unless  
12 the person removed or prohibited or the credit union, as evidenced  
13 by a certified copy of the board resolution, files written notice of  
14 appeal with the commissioner not later than the 10th day after the  
15 day the removal order is served.

16 SECTION 31. Section 122.260, Finance Code, is amended by  
17 amending Subsection (c) and adding Subsection (d) to read as  
18 follows:

19 (c) The commissioner may bring suit for injunction or to  
20 collect the administrative penalty in a district court of Travis  
21 County. In the suit, a certificate by the commissioner showing a  
22 failure to pay an administrative penalty is prima facie evidence  
23 of:

24 (1) the imposition of the penalty or the delinquency  
25 of the stated penalty amount; and

26 (2) compliance by the department with the law relating  
27 to the computation and imposition of the penalty.

1        (d) The attorney general is entitled to recover reasonable  
2 attorney's fees from the credit union or the designated person, or  
3 both, if the attorney general prevails in a judicial action  
4 necessary for collection of the administrative penalty.

5        SECTION 32. Section 122.261, Finance Code, is amended by  
6 amending Subsection (a) and adding Subsection (c) to read as  
7 follows:

8        (a) A determination letter, a cease and desist order, a  
9 removal order, ~~and~~ each copy of a notice or ~~7~~ correspondence,  
10 and all ~~or~~ other documents or records ~~record~~ relating to an  
11 order or determination letter issued under this subchapter  
12 ~~[concerning a violation or unsound practice]~~ are confidential and  
13 are not subject to public disclosure except in an action authorized  
14 by this subtitle or other authority.

15        (c) The commissioner may release information regarding the  
16 existence of a final order to the public if the commissioner  
17 concludes that the release would enhance effective enforcement of  
18 the order.

19        SECTION 33. Section 123.003, Finance Code, is amended to  
20 read as follows:

21        Sec. 123.003. ENLARGEMENT OF POWERS. (a) A credit union  
22 may engage in any activity in which it could engage, exercise any  
23 power it could exercise, or make any loan or investment it could  
24 make, if it were operating as a federal credit union.

25        (b) Notwithstanding any other law, and in addition to the  
26 powers and authorities conferred under Subsection (a), a credit  
27 union has the powers or authorities of a foreign credit union

1 operating a branch in this state if the commissioner finds that  
2 exercise of those powers or authorities is convenient for and  
3 affords an advantage to the credit union's members and maintains  
4 the fairness of competition and parity between the credit union and  
5 any foreign credit union. A credit union does not have the field of  
6 membership powers or authorities of a foreign credit union  
7 operating a branch in this state.

8 SECTION 34. Section 123.106, Finance Code, is amended to  
9 read as follows:

10 Sec. 123.106. CHANGE OF LOCATION. A [~~On written notice to~~  
11 ~~the commissioner, a~~] credit union may change its principal place of  
12 business or a subsidiary place of business to another location by  
13 notifying the commissioner in writing of the new address and the  
14 effective date of the change [~~in this state~~].

15 SECTION 35. Subchapter B, Chapter 123, Finance Code, is  
16 amended by adding Section 123.111 to read as follows:

17 Sec. 123.111. RIGHT TO ACT TO MITIGATE OR AVOID LOSS. This  
18 subtitle does not prohibit a credit union from investing its money,  
19 operating a business, managing or dealing in property, or taking  
20 any other action at any time that is reasonably necessary to avoid  
21 or mitigate a loss on a loan or on an investment made or obligation  
22 created in good faith and in the usual course of the credit union's  
23 business, as authorized by this subtitle or a rule adopted by the  
24 commission.

25 SECTION 36. Subchapter C, Chapter 123, Finance Code, is  
26 amended by adding Section 123.211 to read as follows:

27 Sec. 123.211. CERTIFICATES OF INDEBTEDNESS. The commission



1 by rule may authorize a credit union to issue certificates of  
2 indebtedness that are subordinated to all other claims of credit  
3 union creditors.

4 SECTION 37. Subchapter C, Chapter 123, Finance Code, is  
5 amended by adding Section 123.212 to read as follows:

6 Sec. 123.212. CHECK AND MONEY TRANSFER SERVICES. A credit  
7 union may sell to a person within its field of membership negotiable  
8 checks, money orders, and other similar money transfer instruments  
9 or services and may also cash checks and money orders for a person  
10 within its field of membership for a fee.

11 SECTION 38. Section 124.201, Finance Code, is amended to  
12 read as follows:

13 Sec. 124.201. AUTHORIZATION. Only if done in accordance  
14 with limitations imposed by [~~Subject to~~] Section 124.202, a credit  
15 union may make a loan or extend a line of credit to:

16 (1) a director, senior management employee, or member  
17 of the credit committee; or

18 (2) the immediate family of the director, senior  
19 management employee, or member of the credit committee.

20 SECTION 39. Section 124.203, Finance Code, is amended to  
21 read as follows:

22 Sec. 124.203. AUTHORIZATION TO ACT AS COMAKER, GUARANTOR,  
23 OR ENDORSER. A [~~Subject to Section 124.204, a~~] credit union may  
24 permit a director, senior management employee, or member of the  
25 credit committee to act as comaker, guarantor, or endorser of a loan  
26 to a member only in accordance with limitations imposed by Section  
27 124.204.

1 SECTION 40. Section 124.204, Finance Code, is amended to  
2 read as follows:

3 Sec. 124.204. PRIOR APPROVAL REQUIRED. The board must give  
4 its approval before the credit union permits a director, senior  
5 management employee, or member of the credit committee to act as  
6 comaker, guarantor, or endorser of a loan to a member if the amount  
7 of the loan or aggregate of outstanding loans to the comaker,  
8 guarantor, or endorser is greater than the sum of:

9 (1) \$10,000 or a higher amount established by  
10 commission rule; and

11 (2) the amount of the shares and deposits pledged for  
12 the loan.

13 SECTION 41. Section 125.002, Finance Code, is amended to  
14 read as follows:

15 Sec. 125.002. SHARE ACCOUNT. (a) Shares and membership  
16 shares shall be subscribed to and paid for in the manner prescribed  
17 by the bylaws. A credit union may limit the number of shares that  
18 may be owned by a member, but any such limitation must be applied  
19 equally to all members.

20 (b) A credit union may require credit union members to  
21 subscribe to and make [A share account consists of] payments on [a  
22 member's shares, including] membership shares. Membership shares  
23 may not be pledged as security on any loan.

24 (c) The board of directors may establish [The shares may be:

25 [~~(1) of~~] different [~~types or~~] classes of share  
26 accounts classified in relation to different rights, restrictions,

27 [~~and~~

1           ~~[(2) with or without]~~ par value, and dividend rates.

2           (d) A joint account may hold more than one membership share,  
3 supporting membership for more than one member of the credit union  
4 [as determined by the board].

5           SECTION 42. Section 125.003, Finance Code, is amended to  
6 read as follows:

7           Sec. 125.003. DEPOSIT ACCOUNT. A deposit account consists  
8 of payments made under an agreement between the credit union and a  
9 depositor, including a draft account, checking account, savings  
10 account, certificate of deposit, individual development account,  
11 or other similar account or arrangement.

12           SECTION 43. Subchapter D, Chapter 125, Finance Code, is  
13 amended by adding Section 125.309 to read as follows:

14           Sec. 125.309. TRUST ACCOUNT WITH LIMITED DOCUMENTATION.

15 (a) For a trust account that is purported to be opened under a  
16 written trust agreement, the trustee may provide the credit union  
17 with a certificate of trust to evidence the trust relationship. The  
18 certificate must be an affidavit of the trustee and must include:

19                   (1) the effective date of the trust;

20                   (2) the name of the trustee;

21                   (3) the name of or method for choosing a successor  
22 trustee;

23                   (4) the name and address of each beneficiary;

24                   (5) the authority granted to the trustee;

25                   (6) an indemnification of the credit union; and

26                   (7) any other information required by the credit  
27 union.

1       (b) The credit union may accept and administer the trust  
2 account, in accordance with the certificate of trust, without  
3 requiring a copy of the trust agreement. The credit union is not  
4 liable for administering the account as provided by the certificate  
5 of trust, even if the certificate of trust is contrary to the terms  
6 of the trust agreement.

7       (c) On the death of the trustee or the last survivor of two  
8 or more trustees and notwithstanding Section 125.308, the credit  
9 union may pay all or part of the proceeds of the trust account as  
10 provided by the certificate of trust. If the trustee did not  
11 provide a certificate of trust, the credit union's right to treat  
12 the account as owned by a trustee ceases on the death of the  
13 trustee. On the death of the trustee or the last survivor of two or  
14 more trustees, the credit union, unless the certificate of trust  
15 provides otherwise, shall pay the proceeds of the account in equal  
16 shares to each person who survives the trustee, is named as a  
17 beneficiary in the certificate of trust, and can be located by the  
18 credit union from the credit union's records. If there is no  
19 certificate of trust, payment of the proceeds of an account shall be  
20 made as provided by Section 125.308. Payment made under this  
21 section for all or part of the proceeds of an account discharges any  
22 liability of the credit union to the extent of the payment. The  
23 credit union may pay all or part of the proceeds of an account in the  
24 manner provided by this section, regardless of whether it has  
25 knowledge of a competing claim, unless the credit union receives  
26 actual knowledge that payment has been restrained by court order.

27       (d) This section does not require a credit union to accept

1 an account from a trustee or to search for the location of a named  
2 beneficiary that is not named in its records.

3 (e) This section does not affect a contractual provision to  
4 the contrary that otherwise complies with the laws of this state.

5 SECTION 44. Section 125.401, Finance Code, is amended to  
6 read as follows:

7 Sec. 125.401. THIRD-PARTY CLAIM. (a) In this section:

8 (1) "Credit union" includes:

9 (A) a credit union organized under the laws of  
10 this state;

11 (B) a foreign credit union; and

12 (C) a federal credit union.

13 (2) "Out-of-state credit union" means a credit union  
14 that:

15 (A) is not organized under the laws of this  
16 state; and

17 (B) has its main or principal office in another  
18 state or country.

19 (3) "Texas credit union" means a credit union that:

20 (A) is organized under the laws of this state or  
21 federal law; and

22 (B) has its main or principal office in this  
23 state.

24 (b) A credit union [~~or federal credit union~~] doing business  
25 in this state must be served with citation or other appropriate  
26 process issued from a court in connection with a suit instituted by  
27 a third party to recover or establish an interest in a deposit or

1 share account before the credit union [~~or federal credit union~~] is  
2 required to:

- 3 (1) recognize the third party's claim;  
4 (2) withhold payment of the account to any party to the  
5 account; or  
6 (3) withhold payment to the order of any party to the  
7 account.

8 (c) A claim against a depositor, joint account owner, or  
9 member of a credit union shall be delivered or otherwise served as  
10 required or permitted by law at the address of the registered agent  
11 of the credit union as designated in a registration filed under  
12 Section 201.102 or 201.103, as applicable.

13 (d) A claim against a depositor, joint account owner, or  
14 member of an out-of-state credit union that files a registration  
15 statement under Section 201.102 or a Texas credit union that files a  
16 registration statement under Section 201.103 is not effective with  
17 respect to the credit union if the claim is served or delivered to  
18 an address other than the address of the credit union's registered  
19 agent as provided in the registration.

20 (e) To prevent or limit a credit union's compliance with or  
21 response to a claim subject to this section, the depositor, joint  
22 account owner, or member must seek an appropriate remedy, including  
23 a restraining order, injunction, or protective order, to prevent or  
24 suspend the credit union's response to a claim against the  
25 depositor, joint account owner, or member.

26 (f) A credit union that does not register with the secretary  
27 of state under Section 201.102 or 201.103 is subject to service or

1 delivery of all claims against depositors, joint account owners, or  
2 members of the credit union or against the credit union itself by  
3 -serving the president or vice president of the credit union or as  
4 otherwise provided by law.

5 SECTION 45. Section 126.002, Finance Code, is amended by  
6 amending Subsections (a) and (b) and adding Subsections (e) and (f)  
7 to read as follows:

8 (a) Except as provided by Subsections (b) and (c),  
9 information obtained directly or indirectly by the department in  
10 any manner, including by application or examination, concerning  
11 [that relates to] the financial condition or business affairs of a  
12 credit union and the files and records of the department relating to  
13 that information, except a statement intended for publication, are  
14 confidential.

15 (b) Confidential information may not be disclosed to a  
16 member of the commission, and a member of the commission may not be  
17 given access to the files or records of the department, except that  
18 the [The] commissioner may disclose to the commission information,  
19 files, and records pertinent to a hearing or matter pending before  
20 the commission or the commissioner.

21 (e) Confidential information that is provided by the  
22 department to a credit union, organization, or service provider of  
23 a credit union, whether in the form of a report of examination or  
24 otherwise, is the confidential property of the department. The  
25 recipient or an officer, director, employee, or agent of the  
26 recipient may not make the information public and may not disclose  
27 the information to a person not officially connected to the

1 recipient as an officer, director, employee, attorney, auditor, or  
2 independent auditor, except as authorized by rules adopted under  
3 this subtitle.

4 (f) Discovery of confidential information from a person  
5 subject to this subtitle or Chapter 15 under subpoena or other legal  
6 process must comply with rules adopted under this subtitle, Chapter  
7 15, and any other applicable law. The rules may:

8 (1) restrict release of confidential information to  
9 the portion directly relevant to the legal dispute at issue; and

10 (2) require that a protective order, in form and under  
11 circumstances specified by the rules, be issued by a court before  
12 release of the confidential information.

13 SECTION 46. Section 126.051, Finance Code, is amended to  
14 read as follows:

15 Sec. 126.051. EXAMINATIONS. (a) The department, through  
16 examiners it appoints and in accordance with commission rules,  
17 shall periodically examine the books and records of each credit  
18 union.

19 (b) In lieu of an examination under this section, the  
20 commissioner may accept:

21 (1) the examination report of a regulator authorized  
22 to examine a credit union, foreign credit union, federal credit  
23 union, or other financial institution; or

24 (2) the audit report of an accountant, satisfactory to  
25 the commissioner, who has made and submitted a report of the  
26 condition of the affairs of a credit union, foreign credit union,  
27 federal credit union, or other financial institution.



1       (c) The commissioner may accept all or part of a report in  
2 lieu of all or part of an examination. An accepted part of the  
3 report has the same validity as an examination under this section.

4       SECTION 47. Section 126.053, Finance Code, is amended to  
5 read as follows:

6       Sec. 126.053. WITNESSES; PRODUCTION OF DOCUMENTS. (a) In  
7 an examination conducted under this subchapter, the commissioner or  
8 the commissioner's designee [an examiner] may:

9           (1) subpoena [summon] witnesses;

10           (2) administer an oath or affirmation to a person,  
11 including any [an] officer, director, agent, or employee of a  
12 credit union, and examine the person under oath or affirmation on  
13 any subject the commissioner considers pertinent to the financial  
14 condition or the safety and soundness of the activities of a credit  
15 union; or

16           (3) require and compel by subpoena [court order] the  
17 production of documents that are not voluntarily produced,  
18 including books, papers, securities, and records.

19       (b) The commissioner may apply to a district court in Travis  
20 County for an order requiring a person to obey a subpoena, to  
21 appear, or to answer questions in connection with the examination  
22 or investigation.

23       (c) The court shall issue an order under Subsection (b) if  
24 the court finds good cause to issue the subpoena or to take  
25 testimony.

26       SECTION 48. Section 126.108, Finance Code, is amended to  
27 read as follows:

1           Sec. 126.108. CONFIDENTIALITY; DISCLOSURE. A  
2 conservatorship order and a copy of a notice, ~~[or]~~ correspondence,  
3 transcript, pleading, or other document relating to the order are  
4 ~~[is]~~ confidential and may be disclosed only in a related legal  
5 proceeding or as otherwise authorized by law. The commissioner may  
6 release to the public information regarding the existence of an  
7 order if the commissioner concludes that release of the information  
8 would enhance effective enforcement of the order.

9           SECTION 49. Section 126.159, Finance Code, is amended to  
10 read as follows:

11           Sec. 126.159. COST OF CONSERVATORSHIP. (a) The  
12 commissioner shall determine and approve any reasonable expenses  
13 attributable to the service of a conservator, including costs  
14 incurred by the department and the compensation and expenses of the  
15 conservator and any professional employees appointed to represent  
16 or assist the conservator. The commissioner or an employee of the  
17 department may not receive compensation in addition to salary for  
18 serving as conservator, but the department may receive  
19 reimbursement for the fully allocated personnel cost associated  
20 with the service of the commissioner or the employee as conservator  
21 ~~[the cost of the conservatorship].~~

22           (b) All approved expenses ~~[The cost of conservatorship]~~  
23 shall be paid by ~~[from]~~ the credit union ~~[union's assets as the~~  
24 ~~commissioner directs]~~. The department has a lien against the  
25 assets and money of the credit union to secure payment of approved  
26 expenses. The lien has a higher priority than any other lien  
27 against the credit union.

1        (c) Notwithstanding this subchapter, the credit union may  
2 retain attorneys and hire other persons to assist the credit union  
3 in contesting or satisfying the requirements of an order of  
4 conservatorship. The commissioner shall authorize the payment of  
5 reasonable fees and expenses for the attorneys and other persons as  
6 expenses of the conservatorship.

7        (d) The commissioner may waive or defer collection of  
8 assessment or examination fees by the department from the credit  
9 union during a period of conservatorship if the waiver or deferral  
10 would appear to benefit the prospects for rehabilitation. As a  
11 condition of release from conservatorship, the commissioner may  
12 require the rehabilitated credit union to pay or develop a  
13 reasonable plan for payment of any deferred fees.

14        SECTION 50. Section 126.160(a), Finance Code, is amended to  
15 read as follows:

16        (a) A suit filed against a credit union [~~or its conservator~~]  
17 while the credit union is under [a] conservatorship, or against a  
18 person in connection with an action taken or decision made by that  
19 person as a conservator of a credit union, [order is in effect] must  
20 be brought in Travis County regardless of whether the credit union  
21 remains under conservatorship.

22        SECTION 51. Subchapter E, Chapter 126, Finance Code, is  
23 amended by adding Section 126.206 to read as follows:

24        Sec. 126.206. NATIONAL CREDIT UNION ADMINISTRATION AS  
25 LIQUIDATING AGENT. (a) The commissioner may tender a credit union  
26 that has been closed for liquidation to the National Credit Union  
27 Administration or its successor as liquidating agent if the shares

1 and deposits of the credit union were insured by the National Credit  
2 Union Share Insurance Fund or its successor on the date of closing.

3 (b) After acceptance of tender of the credit union, the  
4 National Credit Union Administration or its successor, as  
5 liquidating agent of the credit union, shall perform the acts and  
6 duties that it considers necessary or desirable and that are  
7 permitted or required by federal law or this chapter. The National  
8 Credit Union Administration, as liquidating agent, is not subject  
9 to commission control.

10 (c) If the National Credit Union Share Insurance Fund pays  
11 the insured share and deposit liabilities of a credit union that is  
12 being liquidated under this subchapter, the National Credit Union  
13 Administration is subrogated, to the extent of the payment, to all  
14 rights that the owners of the share or deposit accounts have against  
15 the credit union.

16 SECTION 52. Section 126.454, Finance Code, is amended to  
17 read as follows:

18 Sec. 126.454. CREDIT UNION OPERATIONS BEFORE AND AFTER  
19 VOTE. Immediately after notice under Section 126.453 is mailed,  
20 the commissioner may restrict control or give direction with  
21 respect to the continued business of the credit union pending  
22 consideration of voluntary liquidation by the members. During that  
23 period, no member shall withdraw an aggregate amount in excess of  
24 the share insurance covered by [~~shall cease to operate except to~~  
25 ~~accept loan payments or other obligations due~~] the credit union. No  
26 new extensions of credit shall be funded during the period between  
27 the board of directors' adoption of the resolution recommending

1 voluntary liquidation and the membership meeting called to consider  
2 voluntary liquidation, except for the issuance of loans fully  
3 secured by a pledge of shares and the funding of outstanding loan  
4 commitments approved before adoption of the resolution. If the vote  
5 to dissolve and liquidate the credit union is affirmative, the  
6 credit union may conduct only business incidental to liquidation.

7 SECTION 53. Section 126.455, Finance Code, is amended to  
8 read as follows:

9 Sec. 126.455. VOTE ON VOLUNTARY LIQUIDATION. At a special  
10 meeting called to consider the proposed liquidation, a majority of  
11 the credit union members, but not less than a quorum, may vote to  
12 dissolve and liquidate the credit union. Those members casting  
13 votes by mail or at the meeting constitute a quorum for the  
14 transaction of business at the special meeting, notwithstanding a  
15 bylaw provision to the contrary.

16 SECTION 54. Section 126.457, Finance Code, is amended to  
17 read as follows:

18 Sec. 126.457. APPOINTMENT OF LIQUIDATING AGENT. (a) If the  
19 members approve the liquidation, the board shall appoint a  
20 liquidating agent to:

- 21 (1) conserve and collect the credit union's assets;
  - 22 (2) wind up the credit union's affairs;
  - 23 (3) discharge the credit union's debts;
  - 24 (4) distribute the credit union's assets; and
  - 25 (5) take any other action necessary and incidental to
- 26 liquidating the credit union.

27 (b) The National Credit Union Administration or other

1 insuring organization has the right of first refusal to be  
2 appointed as liquidating agent of any credit union that it insures.

3 SECTION 55. Subchapter J, Chapter 126, Finance Code, is  
4 amended by adding Section 126.458 to read as follows:

5 Sec. 126.458. APPLICATION OF LAW TO CREDIT UNION IN  
6 VOLUNTARY LIQUIDATION. A credit union in the process of voluntary  
7 dissolution and liquidation remains subject to this subtitle and  
8 Chapter 15, including provisions for examination by the  
9 commissioner, and the credit union shall furnish reports as  
10 required by the commissioner.

11 SECTION 56. (a) This Act takes effect September 1, 2003.

12 (b) The change in law made by this Act by the amendment of  
13 Section 125.401, Finance Code, applies only to a claim that arises  
14 on or after the effective date of this Act. A claim that arose  
15 before the effective date of this Act is governed by the law as it  
16 existed immediately before that date, and the former law is  
17 continued in effect for that purpose.