



October 27, 2020

Sunset Advisory Commission  
P.O. Box 13066  
Austin, TX 78711

**RE: Sunset Review of the Texas Credit Union Department**

Dear Commission Members:

Thank you for the opportunity to comment on the Staff Report concerning the Texas Credit Union Department. The Credit Union Coalition of Texas represents state and federal chartered credit unions and non-credit union business partners across the state. Our mission is to ensure that Texas credit unions have the legislative and regulatory flexibility to remain competitive and relevant in the marketplace.

We appreciate the review team's thorough and professional evaluation of the department and willingness to hear our thoughts and concerns throughout the process.

Our comments on various recommendations are outlined below.

**Issue 1: The Department Lacks Key Data and Processes to Ensure Adequate Resolution of Regulatory Complaints.**

The Coalition agrees there is always room for improvement including utilization of technology for tracking and analyzing data, and reporting those trends to the public, the Legislature, and the Credit Union Commission. We also agree it is important for the department to have appropriate policies and procedures in place. However, to avoid unintended consequences and potential conflicts between federal and state rules, we respectfully suggest these recommendations could be addressed through management action and the agency's rule making process.

Should the Sunset Commission determine statutory changes are necessary, we would suggest the language be broadly written so as to allow the Credit Union Commission the flexibility to appropriately address the recommendations and thus allow the Department to continue functioning effectively and efficiently.

**Issue 2: The Department Should More Effectively Use Its SDSI Status to Provide Adequate Resources and Improve Operations.**

The Coalition understands the concerns outlined in 2.1 and agrees it is important to periodically review budgeting policies and procedures. It is our understanding the department is committed to reviewing and implementing appropriate changes by the August 31, 2021 deadline. It is important to note that, to our knowledge, credit unions have not expressed concerns about the current rule or the department's budgeting or fee assessment process.

The Coalition agrees the commission should update its reserve fund policy to address long-term capital funding needs and maintain an adequate reserve balance and implement an independent audit as outlined in 2.2 and 2.3 respectively.

**Issue 3: Texas Has a Continuing Need for the Credit Union Department.**

With regard to recommendation 3.1, the Coalition supports the continuation of the Credit Union Department as a self-directed, semi-independent agency for another 12 years.

Additionally, we concur with the recommended changes outlined in 3.2 - concerning the process for notifying credit unions about federal regulatory change that override state regulations; 3.3 - eliminating the statutory notarization requirement for articles of incorporation in new charter applications, and 3.4 - concerning the standard across-the-board requirement related to board member training.

Again, on behalf of the Credit Union Coalition of Texas, we appreciate the thorough review of the department, its policies and procedures and, the thoughtful and courteous approach of the staff as they interacted with our members and other interested parties. Please do not hesitate to contact me if you have questions or if I may be of assistance.

Kindest regards,

*Melodie Durst*

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Credit Union Coalition of Texas