

**MINUTES OF THE  
FINANCE COMMISSION MEETING  
Friday, August 21, 2020**

The Finance Commission of Texas convened at 10:03 a.m. on August 21, 2020 with the following members present:

**Finance Commission Members in Attendance:**

Phillip Holt, Chairman	Larry Long
George "Cliff" McCauley, Vice Chairman	Will Lucas
Dr. Robin Armstrong	Sharon McCormick
Bob Borochoff	Vince Puente
Hector Cerna	Laura Warren
Molly Curl	

Chairman Phillip Holt announced there was a quorum with eleven members present. (1:18 on audio file).

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<b>A. Finance Commission Matters</b>		
1. Review and Approval of the Minutes of the June 19, 2020 Finance Commission Meeting	<b>On Consent Agenda – Item A1</b> This item Approved on the Consent Agenda.	2:06 start of discussion
2. General Public Comment	No Action Required.	1:26 start of discussion
3. Consent Agenda – Items A1, A8-A9 and C2-C4	Will Lucas made a motion to Approve Consent Agenda items A1, A8-A9 and C2-C4. Laura Warren seconded and the motion passed.	2:06 start of discussion  2:32 Vote
4. Finance Commission Operations	No Action Required.	3:03 start of discussion
<b>5. Audit Committee Report</b>		
A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2020 Third Quarter Investment Officer Reports  1. Department of Savings and Mortgage Lending 2. Office of Consumer Credit Commissioner 3. Texas Department of Banking	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' 2020 Third Quarter Investment Officer Reports passed.	4:11 start of discussion  4:21 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<p>B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Readoption of the Investment Policies for:</p> <ol style="list-style-type: none"> <li>1. Department of Savings and Mortgage Lending</li> <li>2. Office of Consumer Credit Commissioner</li> <li>3. Texas Department of Banking</li> </ol>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Readoption of the Investment Policies for the Department of Savings and Mortgage Lending, Office of Consumer Credit Commissioner and Texas Department of Banking passed.</p>	<p>5:09 start of discussion</p> <p>5:13 Vote</p>
<p>C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2020 Third Quarter Financial Statements</p> <ol style="list-style-type: none"> <li>1. Department of Savings and Mortgage Lending</li> <li>2. Office of Consumer Credit Commissioner</li> <li>3. Texas Department of Banking</li> </ol>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' 2020 Third Quarter Financial Statements passed.</p>	<p>5:47 start of discussion</p> <p>5:50 Vote</p>
<p>D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' Fiscal Year 2021 Operating Budgets</p> <ol style="list-style-type: none"> <li>1. Department of Savings and Mortgage Lending</li> <li>2. Office of Consumer Credit Commissioner</li> <li>3. Texas Department of Banking</li> </ol>	<p>Public comment was made by Chris Williston on behalf of the Independent Bankers Association of Texas (IBAT) and Chris Furlow on behalf of the Texas Bankers Association (TBA). Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' Fiscal Year 2021 Operating Budgets passed.</p>	<p>6:17 start of discussion</p> <p>18:08 Vote</p>
<p>E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Department of Savings and Mortgage Lending's 2020 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez &amp; Associates</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Department of Savings and Mortgage Lending's 2020 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez &amp; Associates passed.</p>	<p>18:34 start of discussion</p> <p>18:39 Vote</p>
<p>F. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Office of Consumer Credit Commissioner's 2020 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez &amp; Associates</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Office of Consumer Credit Commissioner's 2020 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez &amp; Associates passed.</p>	<p>19:08 start of discussion</p> <p>19:13 Vote</p>
<p>G. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Texas Department of Banking's Revenue Accounting Process Audit Report as Prepared and Presented by Garza/Gonzalez &amp; Associates</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Texas Department of Banking's Revenue Accounting Process Audit Report as Prepared and Presented by Garza/Gonzalez &amp; Associates passed.</p>	<p>19:41 start of discussion</p> <p>19:44 Vote</p>
<p>H. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Texas Department of Banking's 2020 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez &amp; Associates</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Texas Department of Banking's 2020 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez &amp; Associates passed.</p>	<p>20:14 start of discussion</p> <p>20:18 Vote</p>

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<b>6. Strategic Planning Committee Report</b>		
A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Finance Commission of Texas 2021-2025 Strategic Plan	Coming upon Recommendation from the Strategic Planning Committee, no second is required and the motion to Approve the Finance Commission of Texas 2021-2025 Strategic Plan passed.	20:50 start of discussion  23:41 Vote
7. Discussion of and Possible Vote to Take Action on the Agency Priorities for Fiscal Year 2021 for the Commissioners of the Department of Savings and Mortgage Lending, Office of Consumer Credit Commissioner and the Texas Department of Banking	Laura Warren made a motion to Approve the Agency Priorities for Fiscal Year 2021 for the Commissioners of the Department of Savings and Mortgage Lending, Office of Consumer Credit Commissioner and the Texas Department of Banking. Cliff McCauley seconded and the motion passed.	24:55 start of discussion  25:13 Vote
<b>8. On Consent</b>	<b>On Consent Agenda – Item A8</b> This item Approved on the Consent Agenda.	n/a
<b>9. On Consent</b>	<b>On Consent Agenda – Item A9</b> This item Approved on the Consent Agenda.	n/a
10. Discussion of and Possible Vote to Take Action on the Proposal of Amendments, a New Rule, and a Repeal in 7 TAC, Part 8, Chapter 151, Concerning Home Equity Lending Procedures, and Chapter 153, Concerning Home Equity Lending, Resulting from Rule Review	Bob Borochoff made a motion to Approve the Proposal of Amendments, a New Rule, and a Repeal in 7 TAC, Part 8, Chapter 151, Concerning Home Equity Lending Procedures, and Chapter 153, Concerning Home Equity Lending, Resulting from Rule Review. Laura Warren seconded and the motion passed.	25:54 start of discussion  26:21 Vote
11. Discussion of and Possible Vote to Take Action Regarding Personnel Matters Pursuant to §551.074, Texas Government Code: Deliberations with Respect to the Duties and Compensation of a Person Holding the Position of Executive Director of the Finance Commission, Deliberations with Respect to the Duties and Compensation of Persons Holding the Position of Agency Commissioner Positions, and Other Staff	No Discussion.	n/a
12. Discussion of and Possible Vote to Take Action Regarding Facility Planning and Real Property Matters Pursuant to §551.072, Texas Government Code: Deliberations Regarding the Purchase, Exchange, Lease or Value of Real Property	No Discussion.	n/a

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
13. Discussion of and Consultation with Attorney and Possible Vote to Take Action Pursuant to §551.071, Texas Government Code, for the Purpose of Seeking the Advice or Attorney-client Privileged Communications from our Attorneys, Including Matters Related to the Potential Financial Exposure of the Finance Commission Agencies and Their Officers and the Finance Commission and its Officers and Including Matters of Pending and Contemplated Litigation	No Discussion.	n/a
14. Discussion of and Consultation on Security Audit, Possible Issue Related to Confidential or Sensitive Information, Security Breach Audit and Assessment, or Security Assessments or Deployment Related to Information Resources Technology as Authorized by Tex. Govt. Code Secs. 551.076 and 551.089	No Discussion.	n/a
<b>B. Department of Savings and Mortgage Lending</b>		
1. Industry Status and Departmental Operations: a) State Savings Bank Examinations and Supervision Division Activities; b) Mortgage Licensing Division Activities; c) Mortgage Examinations Division Activities; d) Consumer Complaints Division Activities; e) Administration and Finance Division Activities; f) Legal Division Activities, including Gift Reporting; and g) Legislative Activities	No Action Required.	30:24 start of discussion
2. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC §76.98, Concerning Annual Fee To Do Business	Bob Borochoff made a motion to Approve the Adoption of Amendments to 7 TAC §76.98, Concerning Annual Fee To Do Business. Laura Warren seconded and the motion passed.	50:32 start of discussion 53:48 Vote
3. Discussion of and Possible Vote to Take Action on the Readoption of 7 TAC, Chapter 79, Residential Mortgage Loan Servicers, Chapter 80, Texas Residential Mortgage Loan Companies, and Chapter 81, Mortgage Bankers and Residential Mortgage Loan Originators, Resulting from Rule Review	Laura Warren made a motion to Approve the Readoption of 7 TAC, Chapter 79, Residential Mortgage Loan Servicers, Chapter 80, Texas Residential Mortgage Loan Companies, and Chapter 81, Mortgage Bankers and Residential Mortgage Loan Originators, Resulting from Rule Review. Sharon McCormick seconded and the motion passed.	54:29 start of discussion 56:05 Vote
4. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC §79.1 and §79.2, Concerning Residential Mortgage Loan Servicers, Resulting from Rule Review	Molly Curl made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC §79.1 and §79.2, Concerning Residential Mortgage Loan Servicers, Resulting from Rule Review. Will Lucas seconded and the motion passed.	56:47 start of discussion 59:59 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
5. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC §§80.1, 80.2, 80.200, 80.202 - 80.206, 80.300, and 80.301, Concerning Texas Residential Mortgage Loan Companies, Resulting from Rule Review	Molly Curl made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC §§80.1, 80.2, 80.200, 80.202 - 80.206, 80.300, and 80.301, Concerning Texas Residential Mortgage Loan Companies, Resulting from Rule Review. Hector Cerna seconded and the motion passed.	1:00:39 start of discussion  1:06:26 Vote
6. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC §§81.1 - 81.3, 81.200, 81.202 - 81.206, 81.300 and 81.301, Concerning Mortgage Bankers and Residential Mortgage Loan Originators, Resulting from Rule Review	Will Lucas made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC §§81.1 - 81.3, 81.200, 81.202 - 81.206, 81.300 and 81.301, Concerning Mortgage Bankers and Residential Mortgage Loan Originators, Resulting from Rule Review. Larry Long seconded and the motion passed.	1:07:18 start of discussion  1:09:33 Vote
7. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	No Discussion.	n/a
<b>C. Office of Consumer Credit Commissioner</b>		
1. Industry Status and Departmental Operations: a) Consumer Protection and Assistance Division Activities; b) Licensing Division Activities; c) Administration Division Activities; d) Financial Division Activities; e) Legal Division Activities; and f) Legislative Activities	No Action Required.	1:10:34 start of discussion
<b>2. On Consent</b>	<b>On Consent Agenda – Item C2</b> This item Approved on the Consent Agenda.	n/a
<b>3. On Consent</b>	<b>On Consent Agenda – Item C3</b> This item Approved on the Consent Agenda.	n/a
<b>4. On Consent</b>	<b>On Consent Agenda – Item C4</b> This item Approved on the Consent Agenda.	n/a
5. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, Part 5, Chapter 82, Concerning Administration, Resulting from Rule Review	Vince Puente made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC, Part 5, Chapter 82, Concerning Administration, Resulting from Rule Review. Laura Warren seconded and the motion passed.	1:29:26 start of discussion  1:32:00 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
6. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation  <i>Ernest Polk v. Texas Office of Consumer Credit Commissioner; Cause No. 2018-04375, in the 281st Judicial District Court of Harris County, Texas</i>	No Discussion.	n/a
<b>D. Texas Department of Banking</b>		
1. Industry Status and Departmental Operations: a) Current Issues Affecting Department’s Regulated Entities; b) Bank and Trust Division Activities; c) Corporate Division Activities; d) Non-Depository Supervision Division Activities; e) Administrative, Staffing and Fiscal Division Activities; f) Strategic Support Division Activities including Consumer Complaint Data; g) Legal Division Activities including Enforcement Activity and Gift Reporting; and h) Legislative Activities	No Action Required.	1:32:47 start of discussion
2. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC §12.91, Concerning Other Real Estate Owned	Larry Long made a motion to Approve the Adoption of Amendments to 7 TAC §12.91, Concerning Other Real Estate Owned. Sharon McCormick seconded and the motion passed.	1:51:02 start of discussion  1:55:33 Vote
3. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	No Discussion.	n/a

There being no further business, Chairman Phillip Holt adjourned the meeting of the Finance Commission at 11:59 a.m. (1:56:44 on the audio file).

/s/ Cliff McCauley, Vice Chairman for

Phillip Holt, Chairman  
 Finance Commission of Texas

/s/ Charles G. Cooper

Charles G. Cooper, Executive Director  
 Finance Commission of Texas

/s/ Brenda Medina

Brenda Medina, Executive Assistant  
 Finance Commission of Texas