

A.

Finance Commission

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FINANCE COMMISSION OF TEXAS

MEETING DATEFebruary 19, 2021

MEETING LOCATIONVia Webinar

CONTACT INFORMATION.....Phone: (512) 936-6222
Website: www.fc.texas.gov

FUTURE MEETING DATESApril 16, 2021
June 18, 2021
August 20, 2021
October 15, 2021
December 17, 2021

*** The State of Texas fiscal year begins September 1 and ends August 31. The dates noted meet the minimum statutory requirement of six meetings per calendar year. Fin. Code §11.106.*

Meeting Accessibility. Under the Americans with Disabilities Act, the agency will accommodate special needs. Those requesting auxiliary aids or services should notify the Finance Commission of Texas Administrator several days prior to the meeting using the contact information above by mail, telephone, or email.

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FINANCE COMMISSION AGENDA

Friday, February 19, 2021
9:00 a.m.
or Upon Adjournment of the Audit Committee Meeting
Via Webinar

Due to Governor Greg Abbott's March 13, 2020 proclamation of a state of disaster affecting all counties in Texas due to the Coronavirus (COVID-19) and the Governor's March 16, 2020 suspension of certain provisions of the Texas Open Meetings Act, the February 19, 2021 meeting of the Finance Commission of Texas will be held via webinar/telephonic conference call, as authorized under Texas Government Code section 551.125.

Members of the public who would like to participate in this meeting will need to register at www.fc.texas.gov. An electronic copy of the agenda is now available at www.fc.texas.gov, and a copy of the meeting materials will be available on February 11, 2021 at www.fc.texas.gov. To access the recording visit www.fc.texas.gov after February 19, 2021.

Section A.3 will take up agenda items A1, B2 – B4, and D2 with NO DISCUSSION as notated in bold and italicized

Public comment on any agenda item or issue under the jurisdiction of the Finance Commission of Texas agencies is allowed unless the comment is in reference to a rule proposal for which the public comment period has ended. However, upon majority vote of the Commission, public comment may be allowed related to final rule adoption.

A. FINANCE COMMISSION MATTERS

1. Review and Approval of the Minutes of the December 11, 2020 Finance Commission Meeting

2. General Public Comment

3. Consent Agenda

4. Finance Commission Operations

5. Audit Committee Report

A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2021 First Quarter Investment Officer Reports

1. Department of Savings and Mortgage Lending
2. Office of Consumer Credit Commissioner
3. Texas Department of Banking

B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2021 First Quarter Financial Statements

1. Department of Savings and Mortgage Lending
2. Office of Consumer Credit Commissioner
3. Texas Department of Banking

C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Appointment of a New Grant Advisory Committee Member

6. State Auditor's Office Report on the Self-Reported Implementation of Sunset Advisory Commission Management Actions

7. 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

8. 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
9. 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
10. 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

B. DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

1. Industry Status and Departmental Operations: a) Thrift Regulation Division Activities; b) Mortgage Regulation Division Activities; c) Operations Division Activities; d) Legal Division Activities, including Consumer Complaints and Gift Reporting; and e) Legislative Activities
2. *Discussion of and Possible Vote to Take Action on the Adoption of Amendments, New Rules, and Repeals in 7 TAC, Part 4, Chapter 75, Concerning Applications, Resulting from Rule Review*
3. *Discussion of and Possible Vote to Take Action on the Adoption of Amendments, and Repeals in 7 TAC, Part 4, Chapter 76, Concerning Miscellaneous, Resulting from Rule Review*
4. *Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC §77.10, Concerning Non-Real Estate Commercial Loans, Resulting from Rule Review*
5. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation
Daniel Shea v. Mid America Mortgage, et al.; Cause No. 2019-22261 in the 55th Judicial District Court of Harris County, Texas

C. OFFICE OF CONSUMER CREDIT COMMISSIONER

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
2. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation
Ernest Polk v. Texas Office of Consumer Credit Commissioner; Cause No. 2018-04375, in the 281st Judicial District Court of Harris County, Texas

D. TEXAS DEPARTMENT OF BANKING

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
2. *Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC §33.13, Concerning Refund of MSB License Application Fees*
3. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation

NOTE: The Finance Commission of Texas 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 Accessibility: Under the Americans with Disabilities Act, the Finance Commission of Texas will accommodate special needs. Those requesting auxiliary aids or services should notify the Texas Department of Banking, 2601 North Lamar Boulevard, Austin, Texas 78705, (512) 936-6222, as far in advance of the meeting as possible.

MINUTES OF THE FINANCE COMMISSION MEETING Friday, December 11, 2020

The Finance Commission of Texas convened at 9:39 a.m. on December 11, 2020 with the following members present:

Finance Commission Members in Attendance (via webinar):

Phillip Holt, Chairman George "Cliff" McCauley, Vice Chairman Robin Armstrong Bob Borochoff Hector Cerna Molly Curl	Larry Long Will Lucas Sharon McCormick Vince Puente Laura Warren
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Commissioner Charles Cooper announced there was a quorum with eleven members present. *(1:24 on audio file).*

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. Finance Commission Matters		
1. Review and Approval of the Minutes of the October 16, 2020 Finance Committee Meeting	On Consent Agenda – Item A1 This item Approved on the Consent Agenda.	2:39 start of discussion 3:08 Vote
2. General Public Comment	No Action Required.	2:02 start of discussion
3. Consent Agenda – Items A1, B2, C2 – C4, and D2 – D3	Vince Puente made a motion to Approve Consent Agenda items A1, B2, C2 – C4, and D2 – D3. Will Lucas seconded and the motion passed.	2:39 start of discussion 3:08 Vote
4. Finance Commission Operations	No Action Required.	3:43 start of discussion
5. Audit Committee Report		
A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' Fiscal Year 2021 Internal Auditor's Risk Assessment and Audit Plan 1. Office of Consumer Credit Commissioner 2. Texas Department of Banking 3. Department of Savings and Mortgage Lending	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' Fiscal Year 2021 Internal Auditor's Risk Assessment and Audit Plan passed.	7:48 start of discussion 7:54 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<p>6. Status Report on Implementation of Sunset Recommendation</p> <p>A. Compliance with Sunset Legislation</p> <ol style="list-style-type: none"> 1. Office of Consumer Credit Commissioner 2. Texas Department of Banking 3. Department of Savings and Mortgage Lending <p>B. Sunset Recommendation 2.4 – Direct the Finance Commission to Analyze and Report on the Implementation of their New Fund Balance Policy Adopted in February 2018</p>	No Action Required.	8:35 start of discussion
<p>7. 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</p>	No Discussion.	n/a
<p>8. 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</p>	No Discussion.	n/a
<p>9. 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</p>	No Discussion.	n/a
<p>10. 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</p>	No Discussion.	n/a

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
B. Office of Consumer Credit Commissioner		
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.	17:40 start of discussion
2. On Consent	On Consent Agenda – Item B2 This item Approved on the Consent Agenda.	n/a
3. 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
C. Texas Department of Banking		
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.	38:40 start of discussion
2. On Consent	On Consent Agenda – Item C2 This item Approved on the Consent Agenda.	n/a
3. On Consent	On Consent Agenda – Item C3 This item Approved on the Consent Agenda.	n/a
4. On Consent	On Consent Agenda – Item C4 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 §33.13, Concerning Refund of MSB License Application Fees	Laura Warren made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC §33.13, Concerning Refund of MSB License Application Fees. Bob Borochoff seconded and the motion passed.	54:23 start of discussion 58:32 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
6. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	No Discussion.	n/a
D. Department of Savings and Mortgage Lending		
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.	1:01:39 start of discussion
2. On Consent	On Consent Agenda – Item D2 This item Approved on the Consent Agenda.	n/a
3. On Consent	On Consent Agenda – Item D3 This item Approved on the Consent Agenda.	n/a
4. Discussion of and Possible Vote to Take Action on the Adoption 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	Larry Long made a motion to Approve the Adoption 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 seconded and the motion passed.	1:20:21 start of discussion 1:23:36 Vote
5. Discussion of and Possible Vote to Take Action on the Adoption 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 Adoption 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. Laura Warren seconded and the motion passed.	1:24:19 start of discussion 1:25:53 Vote
6. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments, New Rules, and Repeals in 7 TAC, Part 4, Chapter 75, Concerning Applications, Resulting from Rule Review	Laura Warren made a motion to Approve the Proposal and Publication for Comment of Amendments, New Rules, and Repeals in 7 TAC, Part 4, Chapter 75, Concerning Applications, Resulting from Rule Review. Robin Armstrong seconded and the motion passed.	1:26:45 start of discussion 1:29:23 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
7. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments, and Repeals in 7 TAC, Part 4, Chapter 76, Concerning Miscellaneous, Resulting from Rule Review	Will Lucas made a motion to Approve the Proposal and Publication for Comment of Amendments, and Repeals in 7 TAC, Part 4, Chapter 76, Concerning Miscellaneous, Resulting from Rule Review. Laura Warren seconded and the motion passed.	1:30:27 start of discussion 1:31:51 Vote
8. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC §77.10, Concerning Non-Real Estate Commercial Loans, Resulting from Rule Review	Vince Puente made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC §77.10, Concerning Non-Real Estate Commercial Loans, Resulting from Rule Review. Sharon McCormick seconded and the motion passed.	1:32:29 start of discussion 1:34:31 Vote
9. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	No Discussion.	n/a

Chairman Phillip Holt called for an Executive Session at 11:15 a.m. *(1:35:30 on the audio file)*. The open meeting resumed at 11:44 a.m. *(1:36:54 on the audio file)*.

There being no further business, Chairman Phillip Holt adjourned the meeting of the Finance Commission at 11:45 a.m. *(1:37:13 on the audio file)*.

Phillip Holt, Chairman
Finance Commission of Texas

Charles G. Cooper, Executive Director
Finance Commission of Texas

Brenda Medina, Executive Assistant
Finance Commission of Texas

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Finance Commission of Texas

Consent Agenda

February 19, 2021

A. Finance Commission Matters

1. Review and Approval of the Minutes of the December 11, 2020 Finance Commission Meeting

B. Department of Savings and Mortgage Lending

2. Discussion of and Possible Vote to Take Action on the Adoption of Amendments, New Rules, and Repeals in 7 TAC, Part 4, Chapter 75, Concerning Applications, Resulting from Rule Review
3. Discussion of and Possible Vote to Take Action on the Adoption of Amendments, and Repeals in 7 TAC, Part 4, Chapter 76, Concerning Miscellaneous, Resulting from Rule Review
4. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC §77.10, Concerning Non-Real Estate Commercial Loans, Resulting from Rule Review

D. Texas Department of Banking

2. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC §33.13, Concerning Refund of MSB License Application Fees

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The Self-reported Implementation of Sunset Advisory Commission Management Actions

February 2, 2021

Members of the Legislative Audit Committee:

The State Auditor's Office (SAO) has obtained from 29 state entities their self-reported implementation statuses for 223 nonstatutory recommendations (management actions) in the Sunset Advisory Commission Report to the 86th Legislature. (See the text box on the next page for additional information about this project.)

The entities reported to the SAO that on or before December 31, 2020:

- They had fully implemented 180 (80.7 percent) of the 223 management actions.
- They had substantially implemented 20 (9.0 percent) of the 223 management actions.
- The implementation of 20 (9.0 percent) of the 223 management actions was incomplete or ongoing.
- Three (1.3 percent) of the 223 management actions were not implemented.

Definitions of Implementation Status for Nonstatutory Recommendations

Fully Implemented: Successful development and use of a process, system, or policy to implement a management action.

Substantially Implemented: Successful development but inconsistent use of a process, system, or policy to implement a management action.

Incomplete/Ongoing: Ongoing development of a process, system, or policy to address a management action.

Not Implemented: Lack of a formal process, system, or policy to address a management action.

For the purposes of this project, auditors followed up on the implementation statuses of 70 selected management actions that 26 entities reported as fully implemented and that the Sunset Advisory Commission rated as having either a high or medium priority. Auditors verified that 60 of those 70 management actions were fully implemented, 6 were substantially implemented, 2 were incomplete or on-going, and 2 were not implemented.

Table 1 in the attachment to this letter summarizes the implementation statuses that the SAO determined for those 70 management actions at 26 agencies. Table 2 in the attachment to this letter summarizes the self-reported implementation statuses of all of the management actions at the 29 entities included in this report.

We appreciate the entities' cooperation with the SAO during the preparation of this report. If you have any questions, please contact Becky Beachy, Audit Manager, or me at (512) 936-9500.

Sincerely,

Lisa R. Collier, CPA, CFE, CIDA
First Assistant State Auditor

SAO Report No. 21-010

Attachment

cc: The Honorable Greg Abbott, Governor
Boards, commissions, and executive management of
the following entities:

Alcoholic Beverage Commission
Behavioral Health Executive Council
Board of Plumbing Examiners
Board of Professional Engineers and Land Surveyors
Board of Professional Geoscientists
Board of Public Accountancy
Department of Banking
Department of Motor Vehicles
Department of Public Safety
Department of Savings and Mortgage Lending
Finance Commission of Texas
Funeral Service Commission
Guadalupe-Blanco River Authority
Historical Commission
Library and Archives Commission
Lower Colorado River Authority
Military Department
Nueces River Authority
Office of Consumer Credit Commissioner
Real Estate Commission and Appraiser Licensing
and Certification Board
Red River Authority
School Land Board (General Land Office)
Securities Board
Sunset Advisory Commission
State Office of Risk Management
Texas Division of Emergency Management (Texas
A&M University System)
Texas Medical Board
Veterans Commission
Veteran's Land Board (General Land Office)
Windstorm Insurance Association

Objective, Scope, and Methodology

Texas Government Code, Section 325.012(d), provides for the State Auditor's Office's examination of the nonstatutory recommendations (management actions) that the Sunset Advisory Commission (Commission) makes.

The objective of this project was to report on the implementation status of the management actions included in the *Sunset Advisory Commission's Report to the 86th Legislature*. The Commission provided a list of 223 selected management actions to the State Auditor's Office for this report.

The project scope included 29 entities to which the Commission directed management actions in its report to the 86th Legislature. For the purpose of this project, auditors requested the implementation status of the management actions from each entity.

The project methodology consisted of reviewing selected management actions that the entities self-reported as fully implemented as of September 30, 2020. For the selected management actions, auditors reviewed supporting documentation for evidence of an entity's implementation of the management actions.

The agencies self-reported the information in this report, and the State Auditor's Office did not independently verify all of that information. It is important to note that this project was a non-audit service; therefore, the information in this report was not subject to all of the tests and confirmations that would be performed in an audit. However, the information in this report was subject to certain quality control procedures to help ensure accuracy.

The following members of the State Auditor's staff performed the project:

- Namita Pai, CPA (Project Manager)
- Brandy Corbin
- Lauren Ramsey
- Jeremy Wong
- Mary Ann Wise, CPA, CFE (Quality Control Reviewer)
- Becky Beachy, CIA, CGAP (Audit Manager)



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Implementation Status Determined by the State Auditor's Office of Sunset Advisory Commission Management Actions

Table 1 shows the implementation statuses that the State Auditor's Office determined for the 70 nonstatutory recommendations (management actions) selected and reviewed from the *Sunset Advisory Commission Report to the 86th Legislature*. Auditors verified that 60 of those 70 management actions were fully implemented, 6 were substantially implemented, 2 were incomplete or on-going, and 2 were not implemented. Those management actions were directed to the following 26 state entities:

- Alcoholic Beverage Commission.
- Board of Plumbing Examiners.
- Board of Professional Engineers and Land Surveyors.
- Board of Professional Geoscientists.
- Board of Public Accountancy.
- Department of Banking.
- Department of Motor Vehicles.
- Department of Public Safety.
- Finance Commission of Texas.
- Funeral Service Commission.
- Guadalupe-Blanco River Authority.
- Historical Commission.
- Library and Archives Commission.
- Lower Colorado River Authority.
- Military Department.
- Nueces River Authority.
- Office of Consumer Credit Commissioner.

- Real Estate Commission and Appraiser Licensing and Certification Board.
- Red River Authority.
- School Land Board (General Land Office).
- State Office of Risk Management.
- Texas Division of Emergency Management (Texas A&M University System).
- Texas Medical Board.
- Veterans Commission.
- Veteran's Land Board (General Land Office).
- Windstorm Insurance Association.

Those agencies reported that the 70 management actions had been **fully implemented** as of September 30, 2020. If auditors determined that a management action was not fully implemented, then comments in Table 1 explain the reasoning for that determination. For those management actions with no comment, auditors confirmed that the management action had been fully implemented.

Table 1

Implementation Status of Sunset Advisory Commission Management Actions		
Management Action	Auditors' Determination of the Implementation Status	State Auditor's Office Comments ^a
Alcoholic Beverage Commission (TABC)		
Direct TABC to update its rule describing the separation of duties between the commission and executive director.	Substantially Implemented	The status of this management action was determined to be substantially implemented because TABC, while updating its existing rule, did not include the commission's role in approving key agency documents, including the annual operating budget, legislative appropriations request, and strategic plan as recommended by the Sunset Advisory Commission in the details of this management action.
Board of Plumbing Examiners		
Direct the agency to eliminate the requirement to have a high school diploma or GED for licensure.	Substantially Implemented	The status of this management action was determined to be substantially implemented because the agency removed the high school or equivalent requirement for Journeyman Plumber licenses but not for all types of plumber licenses.
Direct the agency to publish disciplinary history online by May 1, 2019.	Fully Implemented	

Implementation Status of Sunset Advisory Commission Management Actions		
Management Action	Auditors' Determination of the Implementation Status	State Auditor's Office Comments ^a
Board of Professional Engineers and Land Surveyors		
Direct the board to adopt a staggered renewal system for licenses and registrations.	Not Implemented	The status of this management action was determined to be not implemented because the board did not implement a staggered renewal system for licenses and registrations. ^b
Board of Professional Geoscientists		
Direct the board to cease routinely opening unlicensed public practice complaints against expired licensees who failed to timely renew.	Fully Implemented	
Board of Public Accountancy		
Direct the board to develop a formal, agency-wide contract development and solicitation process for its professional services contracts.	Fully Implemented	
Direct the board to accept online submission of exam applications.	Fully Implemented	
Direct the board to amend its peer review rules to account for risk posed to the public.	Fully Implemented	
Department of Banking (DOB)		
Direct DOB and the Finance Commission to develop an updated complaint process in rule.	Fully Implemented	
Department of Motor Vehicles		
Direct the board to establish advisory committees to provide expertise for rulemaking and other issues and adopt rules regarding standard committee structure and operating criteria.	Fully Implemented	
Direct the department to adopt its current "red flag" fraud warning system to further implement a clear and efficient path for county tax assessor-collectors to report and request department action for suspected fraud, waste, or abuse of the registration and title system by employees, dealers, and full-service deputies.	Fully Implemented	
Department of Public Safety (DPS)		
Direct DPS to develop a system for collecting and maintaining output data related to its border security mission.	Fully Implemented	
Direct DPS to regularly report to members of the Legislature threat levels along the Texas-Mexico border.	Fully Implemented	
Direct DPS to adopt a process for applying mitigating and aggravating factors in criminal history evaluations.	Fully Implemented	
Direct DPS to cease permanently disqualifying individuals for certain convictions (other than those convictions specified by Chapter 53 [Texas Occupations Code]), but in reviewing and modifying its rules, allow DPS to apply mitigating and aggravating factors to crimes relevant to the profession according to the level of threat to public safety.	Fully Implemented	

Implementation Status of Sunset Advisory Commission Management Actions		
Management Action	Auditors' Determination of the Implementation Status	State Auditor's Office Comments ^a
Finance Commission of Texas		
Direct the Finance Commission to develop a budget policy that fosters more straightforward budgeting and fee setting.	Fully Implemented	
Funeral Service Commission		
Direct the agency to modify its MOU with Department of State Health Services (DSHS) to include sanitation standards for funeral homes and death care businesses.	Incomplete/Ongoing	The status of this management action was determined to be incomplete/ongoing because while the agency updated the inspection forms, it did not modify the MOU or create procedures over sanitation standards.
Direct the agency to adopt rules for informal settlement conferences.	Fully Implemented	
Direct the agency and DSHS to coordinate access to death certificate information for investigations.	Not Implemented	The status of this management action was determined to be not implemented because the agency did not coordinate with DSHS on direct access to death certificate information for investigations.
Direct the agency to discontinue its involvement in mediating private cemetery access disputes.	Fully Implemented	
Guadalupe-Blanco River Authority (GBRA)		
Guadalupe-Blanco River Authority (GBRA) should take additional steps to centralize its approach to procurement and contracting functions.	Fully Implemented	
GBRA should improve certain contracting activities to ensure consistency and enhance monitoring. Also direct GBRA to re-evaluate contracts for professional services every five years, and frequently compile updated vendor lists and best value practices for cost savings to use when re-evaluating contracts.	Fully Implemented	
Direct GBRA to consolidate the funds it provides to the Guadalupe-Blanco River Trust and San Antonio Bay Foundation to one organization and clearly define expectations tied to this funding.	Fully Implemented	
Direct GBRA to create clear boundaries and reporting structures between its staff and associated nonprofits.	Fully Implemented	
Direct GBRA to evaluate whether the Gorge Preservation Society's narrow mission justifies GBRA support or whether its activities could be performed internally.	Fully Implemented	
Strategic Planning: Direct GBRA and RRA [Red River Authority] to adopt a formal, written five-year strategic plan and engage in a regular strategic planning process. Direct the written plan to be made public record online at the time of its completion and updated regularly when needed.	Fully Implemented	
Historical Commission (THC)		
Direct THC to establish and lead a working group composed of the chair or their designee from THC, TPWD [Texas Parks and Wildlife Department], and State Preservation Board (SPB), the commissioner of the General Land Office (GLO) or his designee, and stakeholders to begin to develop a statewide historic	Substantially Implemented	The status of this management action was determined to be substantially implemented because THC's proposal for developing a statewide historic sites master plan does not address the resources or the timeframe needed for the plan's development.

Implementation Status of Sunset Advisory Commission Management Actions

Management Action	Auditors' Determination of the Implementation Status	State Auditor's Office Comments ^a
sites master plan, including presenting a proposal for the development of such a plan by December 10, 2018.		
Direct agencies with a curatorial collection and deaccession policy to work with Texas Facilities Commission (TFC) to sell unneeded collections items.	Fully Implemented	
Direct THC and TPWD to work with the TFC to explore options for a joint curatorial facility to serve the needs of the state's historic site collections. Also direct THC and TPWD, in consultation with the SPB, GLO, and the Texas State Library and Archives Commission, to identify and consider each agency's storage needs. Also specify the agencies should work together to create a master inventory of the state's curatorial collections. Further, direct THC to collaborate with TPWD, SPB, GLO, and the Texas State Library and Archives Commission to develop a uniform approach to inventorying the state's curatorial collections and create a master inventory of such property.	Substantially Implemented	The status of this management action was determined to be substantially implemented. THC implemented all parts of the management action except for the direction to create a master inventory of the State's curatorial collections.
Direct THC and TPWD to develop a memorandum of understanding to limit duplication in management of historic sites related to curatorial storage facilities, procurement and contracting, and preservation and interpretation.	Fully Implemented	
Library and Archives Commission (TSLAC)		
Direct TSLAC to work with the Texas Historical Commission, Texas State Preservation Board, Texas Parks and Wildlife Department, and General Land Office to explore options for new curatorial space at TSLAC's Shoal Creek location.	Fully Implemented	
Direct TSLAC to identify and coordinate with other state agencies to promote the agency's grant programs to increase participation among libraries across the state. The intent of this recommendation is to increase participation in the agency's grant programs, not the funding for the grant programs.	Fully Implemented	
Lower Colorado River Authority (LCRA)		
Direct LCRA to provide more detailed financial information in its publicly available documents. Specify that in providing more detailed financial information, LCRA should do so in an annual, publicly available report that strives to include the information listed in the staff recommendation. Clarify that the clear explanation of money transfers between business units, departments, and funds applies only to material transfers. For its operational reserve funds, LCRA should provide a list of each fund, its purpose, and its balance. For its strategic reserve funds, LCRA should just provide the cumulative balance of all the funds.	Fully Implemented	
Direct LCRA to improve transparency of its committees-of-the-whole.	Fully Implemented	

Implementation Status of Sunset Advisory Commission Management Actions		
Management Action	Auditors' Determination of the Implementation Status	State Auditor's Office Comments ^a
Military Department (TMD)		
Direct the adjutant general to improve supervision and support of the department's state employees.	Fully Implemented	
Direct the department to improve planning and implementation of purchasing policy changes, including scheduling policy updates based on risk and ensuring all staff involved in purchasing have information needed to carry out their duties.	Fully Implemented	
Direct TMD to evaluate State Guard missions and establish strategies to support the program and protect the state's interest.	Substantially Implemented	The status of this management action was determined to be substantially implemented because while TMD had established strategies to plan support for State Guard missions, it has not implemented those strategies as directed by the Sunset Advisory Commission in the details of this management action. The strategies were pending TMD executive approval as of October 28, 2020.
Direct the department to establish updated goals to target the use of limited state tuition benefits and collect information needed to measure performance.	Fully Implemented	
Nueces River Authority (NRA)		
Require opportunities for public testimony at board meetings and direct river authorities to implement additional best practices to improve openness and transparency.	Substantially Implemented	The status of this management action was determined to be substantially implemented because while NRA implemented the requirement for providing opportunities for public comment during board meetings, it has not made the Board packets available to the public on its website to implement additional best practices to improve openness and transparency.
Direct Red River Authority (RRA) and Nueces River Authority (NRA) to develop a policy to ensure all professional services contracts are reviewed every five years. RRA and NRA should also frequently compile vendor lists and best value practices for cost savings to use when re-evaluating contracts.	Fully Implemented	
Office of Consumer Credit Commissioner (OCCC)		
Direct OCCC and the Finance Commission to develop an updated complaint process in rule.	Fully Implemented	
Direct the agency to make enforcement orders available online.	Fully Implemented	
Real Estate Commission and Appraiser Licensing and Certification Board		
Direct the agency to evaluate and update its key performance measures.	Fully Implemented	
Direct the agency to develop a budget policy that fosters more realistic, straightforward budgeting and fee setting.	Fully Implemented	
Direct the agency to update its fund balance policy to limit growth.	Fully Implemented	
Direct the Appraiser Board to establish a process to prioritize complaint investigations based on the risk each complaint poses to the public by March 15, 2019.	Fully Implemented	

Implementation Status of Sunset Advisory Commission Management Actions		
Management Action	Auditors' Determination of the Implementation Status	State Auditor's Office Comments ^a
Direct the Appraiser Board to develop a plan to improve its investigative process and reduce complaint resolution timeframes by March 15, 2019.	Fully Implemented	
Direct the Appraiser Board to implement policies and practices to allow for electronic submission of licensing information, materials, and experience logs whenever possible by March 15, 2019.	Fully Implemented	
Red River Authority		
Direct Red River Authority (RRA) to document and regularly update its key duties and procedures.	Fully Implemented	
Direct Red River Authority (RRA) and Nueces River Authority (NRA) to develop a policy to ensure all professional services contracts are reviewed every five years. RRA and NRA should also frequently compile vendor lists and best value practices for cost savings to use when re-evaluating contracts.	Fully Implemented	
Strategic Planning: Direct GBRA [Guadalupe-Blanco River Authority] and RRA to adopt a formal, written five-year strategic plan and engage in a regular strategic planning process. Direct the written plan to be made public record online at the time of its completion and updated regularly when needed.	Fully Implemented	
Succession Planning: RRA should take action to prepare for future retirements and workforce changes.	Fully Implemented	
School Land Board (SLB) (General Land Office)		
Direct SLB to adopt rules to guide its investment policy and strategies and to align its investment policy and strategies with those that apply to SBOE [State Board of Education].	Fully Implemented	
Direct SLB to adopt rules for the size, membership, and responsibilities of the investment advisory committee, including a requirement that a majority of the committee members have expertise in the management of a financial institution or other business in which investment decisions are made.	Incomplete/Ongoing	The status of this management action was determined to be incomplete/ongoing because, while the SLB adopted rules identifying the investment advisory committee, the rules lacked information regarding the size, membership, and responsibilities of that committee.
Direct SLB to publicly report more detailed investment information in the PSF [Permanent School Fund] Comprehensive Annual Financial Report and to provide SBOE a quarterly report that includes returns for the investment benchmark and investments themselves.	Fully Implemented	
Direct SLB to review and approve large contracts and to receive briefings from the General Land Office director of contract management at least once a year regarding contracts under \$1 million.	Fully Implemented	
Direct SLB to develop, adopt, and implement clear contract monitoring policies and include them in the contract manual and training.	Fully Implemented	
Direct the General Land Office to develop a training policy and provide contract management training for project managers and other staff involved in the contracting process.	Fully Implemented	

Implementation Status of Sunset Advisory Commission Management Actions		
Management Action	Auditors' Determination of the Implementation Status	State Auditor's Office Comments ^a
State Office of Risk Management (SORM)		
Direct SORM to strengthen oversight by updating its board regularly on identified problems and improvements.	Fully Implemented	
Texas Division of Emergency Management (Texas A&M University System)		
Direct DPS [Department of Public Safety] to better coordinate the State of Texas Emergency Assistance Registry and provide greater guidance to local jurisdictions to ensure the safety of vulnerable Texans during natural disasters.	Fully Implemented	
Texas Medical Board		
For a site visit the Texas Medical Board makes as part of an investigation or inspection, require the Medical Board to establish practices that preclude the use of DEA [Drug Enforcement Administration] personnel, or any peace officer whose primary assignment is drug enforcement, as security personnel.	Fully Implemented	
Veterans Commission (TVC)		
Direct the agency to create and provide grant-writing training for veterans county service officers either through online or in-person training.	Fully Implemented	
Direct TVC to develop and track enhanced grantee performance measures to better evaluate the benefit of its grant funding to veterans.	Fully Implemented	
Veteran's Land Board (VLB) (General Land Office) (GLO)		
Direct VLB and GLO staff to work together to develop and require regular training for staff involved in the VLB contracting process to effectively monitor contracts.	Fully Implemented	
Direct VLB to work with GLO to further develop written policies outlining clear authority over the board's contracting functions, including the roles of project management and other program staff.	Fully Implemented	
Direct VLB and GLO to develop a framework for program staff to identify significant contract compliance issues and a clear process for requiring the reporting and documenting these issues for review.	Fully Implemented	
Direct VLB to develop and adopt written policies establishing criteria for all levels of contract review, including board review of contracts over \$1 million. Additionally, direct VLB to receive briefings from the GLO director of contract management at least once a year regarding the status of all contracts under \$1 million.	Fully Implemented	
Direct VLB to track complaint data and make the complaint process accessible to the public by March 15, 2019.	Fully Implemented	
Windstorm Insurance Association (TWIA)		
Direct TWIA to directly bill customers for premiums for automatic renewal by January 1, 2020.	Fully Implemented	

Implementation Status of Sunset Advisory Commission Management Actions		
Management Action	Auditors' Determination of the Implementation Status	State Auditor's Office Comments ^a
Direct TWIA to fully implement a risk-based approach to monitoring insurance adjusters.	Fully Implemented	
<p>^a Auditors reviewed the <i>Sunset Advisory Commission Report to the 86th Legislature</i> and the Commission's entity-specific reports to determine the implementation status of each management action for the 26 state entities included in this table. The Commission's reports include further details related to the management actions, such as the intent of the management actions and additional actions required to implement each recommendation. Auditors also consulted with Sunset Advisory Commission staff in making determinations on the implementation status for some management actions. Sunset Advisory Commission reports are available on its website at https://www.sunset.texas.gov/review-cycles/2018-2019-review-cycle.</p> <p>^b Effective September 1, 2019, the Board of Professional Land Surveying and the Board of Professional Engineers were combined to form the Board of Professional Engineers and Land Surveyors.</p>		

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions

Table 2 presents information on the 29 entities' self-reported status of implementation of management actions in the *Sunset Advisory Commission Report to the 86th Legislature*. The State Auditor's Office (SAO) requested that the entities report the status of implementation of management actions in September 2020 and gave entities the option to update their initial responses by December 2020. Some entities updated implementation dates and/or comments in response to auditor testing.

The entities reported to the SAO that on or before December 31, 2020:

- They had fully implemented 180 (80.7 percent) of the 223 management actions.
- They had substantially implemented 20 (9.0 percent) of the 223 management actions.
- The implementation of 20 (9.0 percent) of the 223 management actions was incomplete or ongoing.
- Three (1.3 percent) of the 223 management actions were not implemented.

Table 2

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions		
Management Action	Self-reported Implementation Status	Entity Comments
Alcoholic Beverage Commission (TABC)		
Direct the commission to establish advisory committees to provide expertise for rulemaking and other issues, and to adopt rules regarding standard committee structure and operating criteria.	Incomplete/Ongoing	<p>TABC has made progress on this recommendation but will not completely implement it until fall 2021. For example, in January 2020 the commission adopted Rule 31.6 to institute a framework for creating and using advisory committees, including membership, adherence to Open Meetings, among others. In addition, staff developed a high-level plan for appointment of one initial advisory committee for consideration by the Commission. However, because of unforeseen events related to the COVID-19 pandemic, TABC leadership determined it was necessary to postpone consideration and implementation of this proposal until summer/fall of 2021. For example, TABC needs to recruit industry members and other stakeholders to serve on an advisory committee, but the alcoholic beverage industry has little bandwidth for a new initiative like this considering the severe economic impacts of the pandemic.</p> <p>In the meantime, TABC has continued to go above and beyond to obtain the necessary stakeholder input needed for rulemaking. Since the regular session ended, the agency held 10 public stakeholder meetings to obtain input on TABC's extensive rulemaking efforts.</p>

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions		
Management Action	Self-reported Implementation Status	Entity Comments
Direct TABC to evaluate and address gaps in its rules.	Fully Implemented as of July 1, 2020	<p>TABC has dedicated the resources to ensure comprehensive review of all agency rules on a regular basis, and developed leadership-approved plans/schedules and formal procedures to implement this process.</p> <p>TABC considers this to be fully implemented because the schedule and process are in place to accomplish regular review, though the actual review and update of rules will continue indefinitely.</p> <p>TABC staff also made a presentation to the commission at the July 2020 meeting regarding progress on reviewing agency rules and intends to do at least an annual update going forward, as directed by the Sunset Commission.</p>
Direct TABC to update its rule describing the separation of duties between the commission and executive director.	Fully Implemented as of September 2020	<p>TABC adopted rules in September 2020 to implement the application review and protests process mandated in statute, which includes language specifying the commission's role in decisions, primarily about application denials. These rules will be effective on December 31, 2020.</p> <p>In May 2020, the Commission adopted changes to Rule 31.1 to specify the Commission's new required role in deciding contested cases and establish thresholds for deciding on certain settlements. General Counsel has drafted procedures for how staff and the commission will handle these contested case decisions that provide more detail beyond the rule change.</p> <p>TABC does not plan to adopt a rule requiring the commission to approve certain agency documents, primarily because this process can be accomplished without a rule change. Furthermore, because the Commission meets every two months, sometimes the timing of due dates for items such as the LAR do not coincide with Commission meetings in a way that lends itself to meaningful review by the commissioners. The Commission was able to formally approve the TABC Strategic Plan in May 2020. TABC will make every effort to align commission votes with approval of agency documents. Regardless of whether the commission takes a formal vote on each of these key agency documents, staff will continue to brief the commission on these at commission meetings.</p>
Direct TABC to make meeting materials and recordings available online.	Fully Implemented as of March 1, 2019	<p>TABC uses a software solution called BoardDocs to facilitate access to commission materials for the public. TABC also uses BoardDocs to make materials available for all other agency public meetings, including regular stakeholder meetings.</p> <p>TABC provides all meeting materials (such as the agenda, presentation slides, pending rules, etc.) to the public one day before each commission meeting via BoardDocs. For stakeholder meetings, TABC provides these materials to the public 10-14 days in advance.</p> <p>After each meeting, TABC makes meeting videos available via BoardDocs (typically videos are available 1-2 weeks after each meeting). The commission's votes are also made available after each meeting.</p>
Direct the commission to update its existing penalty guidelines to strengthen enforcement against licensees who violate the credit law.	Incomplete/Ongoing	<p>TABC developed an approach to address this recommendation—resulting in a draft rule and revised advisory that TABC plans to pursue after the 2021 legislative session. Under the new rules TABC will clearly define a violation and reduce the number of warnings a retailer is given before being subject to penalty, in line with the recommendation to strengthen enforcement of the credit law.</p> <p>TABC has put a significant amount of effort into these draft rules, but decided to delay pursuing these rules due to the COVID-19 pandemic. Because of the negative impact of the pandemic on the alcoholic beverage industry, there has been little bandwidth to pursue these changes.</p>
Direct TABC to clearly inform applicants of their due process rights.	Incomplete/Ongoing	<p>TABC has completed the work necessary to implement this recommendation, but will not put it into practice until December 31, 2020. Related statutory changes from the Sunset bill take effect on that date (Rec. 4.1), and TABC is implementing [this management action] in conjunction with these statutory and rule changes.</p>

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions		
Management Action	Self-reported Implementation Status	Entity Comments
		TABC has taken the approach of revising form letters used for communicating with applicants as the way to provide this information on a consistent basis. As part of implementing statutory provisions effective on December 31, 2020, TABC has revised or created new form letters that include due process information as specified in state law and in TABC rule. These form letters are finalized, but waiting to be used once the related December 31, 2020 statutory and rule changes go into effect.
Direct TABC to complete its schedule of sanctions to account for all regulatory violations.	Incomplete/Ongoing	<p>TABC has mostly completed work on implementing this recommendation, but must finish training staff on use of the new methodology TABC has developed, including a new rule and penalty policy, which were finally adopted on November 17, 2020, to be effective March 1, 2021.</p> <p>TABC developed three components (rule, policy, worksheet) that together form a new methodology for calculating regulatory penalties. TABC rule will include base penalties for each regulatory violation. Alongside the rule TABC will adopt a penalty policy detailing the process for calculating penalties. This policy will be used by TABC staff and available to the public via the TABC website. Lastly, TABC staff will use the penalty calculation worksheet to demonstrate transparency and show our work to permit holders when proposing an initial settlement amount.</p> <p>The methodology is finalized and was adopted by the commission at the November 2020 meeting. However, due to the time needed to train staff to correctly use the methodology, TABC decided to make the rules and penalty policy effective on March 1, 2021. This will allow sufficient time for training before staff begin using an entirely new process. Training will be conducted from December 2020 through February 2021.</p>
Retain TABC's Ports of Entry Program, but direct TABC to issue a report to the Legislature by March 1, 2019 with recommendations to make the program cost-neutral. The report should address the pros and cons of various options, including but not limited to: <ul style="list-style-type: none"> operating additional ports of entry locations, expanding operating hours, increasing the administrative fee or the tax, and increasing the statutory limits on the amount of alcohol that can be imported for personal use. 	Fully Implemented as of February 28, 2019	TABC submitted this report to Sunset staff for distribution to the Legislature on February 28, 2019.
Direct TABC to modify its applications to allow local jurisdictions to clearly indicate if they do not certify an area as wet for the license or permit being sought.	Fully Implemented as of September 1, 2020	TABC modified its prequalification packet form to provide the option for a local jurisdiction to choose whether they certify the location or not. This form is only pending upload on the TABC website. The form revisions include check boxes to allow local officials to choose an option, in accordance with the Sunset management action.
Direct TABC to implement a policy allowing license and permit applicants to submit only the name, address, and date of birth for individuals who are not the primary applicant or business owner, and requiring further personal information only if cross-tier or criminal background concerns arise. The policy would only apply to holders of a federal basic permit and TABC could request a	Incomplete/Ongoing	<p>TABC is taking a somewhat different approach to implementing this recommendation than specified by the Sunset Commission. As the agency has pursued building the new Alcohol Industry Management System (AIMS), staff has realized the need to have a single, consistent approach for all applicants, not just federal basic permit holders. The approach TABC is developing would request personal information from fewer individuals as a standard practice.</p> <p>Currently, TABC often reviews several levels of business structure to verify ownership against tied-house prohibitions and qualifications for the privilege to hold the license/permit. Under the new approach, TABC will require submission of personal information only for the main person, entity or</p>

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions		
Management Action	Self-reported Implementation Status	Entity Comments
copy of the federal permit in lieu of further personal information.		applicant applying for the license/permit and/or the person(s) primarily responsible for the management of the business. Applicants would also have to attest to having verified any associated business structures are in compliance with tied-house prohibitions. TABC is still developing this new approach. The launch for this change will occur no later than the launch of the new AIMS system in September 2021.
Behavioral Health Executive Council		
<p>Consolidate the Board of Examiners of Marriage and Family Therapists, Board of Examiners of Professional Counselors, and Board of Social Worker Examiners with the Board of Examiners of Psychologists under a new umbrella agency, the Texas Behavioral Health Executive Council (BHEC), on September 1, 2020.</p> <p>Establish a nine-member executive council consisting of one professional member and one public member appointed from each professional board, as well as a public chair of the council appointed by the governor. Retain each professional board as a governor-appointed board under the overall executive council structure to oversee the substantive regulation of its profession.</p> <p>Prohibit the executive council from adopting rules relating to standards of practice, ethics, license qualifications, and disciplinary sanctions, unless the rule is proposed by the applicable professional board. For these rules, specify the executive council may only adopt the rules as proposed or return the rule to the applicable professional board for revision. Require BHEC to solicit input from each professional board for licensing and disciplinary matters that concern professional standards and qualifications.</p> <p>Direct BHEC to develop policies and procedures to ensure its rulemaking function focuses solely on creating rules governing administration of licensure, investigation, and sanction procedures, and reviewing rules proposed by each licensing board for anticompetitive impacts, administrative consistency, and good governance concerns — not infringing on matters related to professional standards of practice.</p>	Fully Implemented as of September 1, 2020	See [Title] 22 [Texas Administrative Code] Chapter 41.
Board of Plumbing Examiners (TSBPE)		
Direct the board and TDLR [Texas Department of Licensing and Regulation] to form a working group by February 1,	Fully Implemented as of January 30, 2019	TSBPE and TDLR developed a workgroup and met on several occasions. In addition sub groups were formed for specific projects that met to establish and/or streamline specify projects. The Sunset Advisory Commission

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions		
Management Action	Self-reported Implementation Status	Entity Comments
2019, to be dissolved no sooner than September 1, 2020, to develop regulatory processes and rules. Direct the working group to meet in-person monthly for no less than six months, and to submit quarterly status reports to the Sunset Commission on the implementation of recommendations.		recommended transferring administration and enforcement of the PLL [Plumbing License Law] to the TDLR. This recommendation was included in Senate Bill 621 during the 86th legislature, Regular Session. On May 27, 2019, the 86th Legislature, Regular Session, finally adjourned, and the Legislature took no action to amend the Sunset Act provisions of the Plumbing License Law. As a result, the recommended transfer of the regulation of plumbing to TDLR did not occur.
Rather than eliminating the practical components of exams, direct the agency to establish or partner with third parties to open at least seven testing facilities by September 1, 2019, to administer exams across the state.	Substantially Implemented	TSBPE has conducted over 776 examinations at its partnership testing locations outside of Austin. In addition TSBPE is working with a 3rd party to provide computer based testing where applicable. However, the agency has given remote exams in a few locations since 2015.
Direct the board to simplify the timeframe for obtaining continuing education by September 1, 2019.	Incomplete/Ongoing	TSBPE is working to allow the CE [Continuing Education] compliance year to reset according to the preexisting 12 month calendar period before implementing the changes directed by Sunset, to avoid disruptions to the program, and ensure a seamless transition for plumbers and CE providers. Rules covering this and many changes related to continuing education are in development This is [an] extensive change that will incorporate other changes related to endorsements renewal date periods also. TSBPE is working with HPC [Health Professions Council] to modify the Versa Regulator data base to the new date periods. A portion of these changes will have an associated cost that is reflected in the Agency's recently submitted LAR [Legislative Appropriations Requests].
Direct the agency to adopt a risk-based approach to investigations in rule by September 1, 2019, focusing on higher risk complaints first before other lower risk activities, such as jobsite compliance checks.	Fully Implemented as of June 20, 2019	Adopted rule change to carry out this directive.
Direct the agency to use informal settlement conferences in appropriate circumstances and better document its use of this enforcement tool by December 1, 2019.	Fully Implemented as of June 20, 2019	Adopted rules to better document the use of Informal Settlement Conferences.
Direct the agency to publish disciplinary history online by May 1, 2019.	Fully Implemented as of May 1, 2019	TSBPE established the online availability with the assistance of HPC to display disciplinary history for its licensees, utilizing and modifying existing resources.
Direct the agency to eliminate the requirement to have a high school diploma or GED [General Educational Development] for licensure.	Fully Implemented as of July 1, 2019	TSBPE adopted rule changes to eliminate the high school diploma requirement for the Journeyman Plumber License.
Direct the agency to review all written exams and eliminate or revise questions that could test on only one plumbing code or that implicate a conflict between the International Plumbing Code and Uniform Plumbing Code.	Fully Implemented as of January 27, 2019	Examinations are reviewed and updated regularly. No revisions were necessary, as TSBPE's examinations have always been code neutral. Sunset staff did not actually find that TBSPE's examinations favored one code or created a conflict amongst the plumbing codes.
Board of Professional Engineers and Land Surveyors (TBPELS)		
Direct the board to review application requirements to conform with current policy and statute.	Substantially Implemented/ Ongoing	Application requirements aligned with policy and statute; board rules published in August 7, 2020, issue of Texas Register.

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions

Management Action	Self-reported Implementation Status	Entity Comments
Direct the board to adopt a staggered renewal system for licenses and registrations.	Not Implemented ^a	<p>The agency has not implemented a quarterly renewal system for Registered Professional Land Surveyors (RPLS) at this time. The original recommendation made was made by the Sunset staff based on the renewal process challenges of the previous agency, the Texas Board of Professional Land Surveyors (TBPLS), and not on the current improved processes of the Texas Board of Professional Engineers and Land Surveyors (TBPELS). This has been confirmed by SAO staff in consultation with the Sunset team. ^b</p> <p>TBPLS had 4 total staff to handle all agency operations, including renewals for all 2,800 Registered Professional Land Surveyors (RPLS). TBPELS has 11 staff in the Licensing and Registration department alone and can handle the additional workload with no impact on efficiency or effectiveness. The increased staffing post-merger has made the renewal process easier and reduced the need for this recommendation. This was demonstrated during the 2019 December renewal period when all engineering and surveying renewals were handled without issue. TBPELS renews between 13,800 and 20,800 engineering renewals per quarter. The addition of 2,800 RPLS to the December engineering total resulted in 17,600 renewals, which is within the normal processing range.</p> <p>The merger also required the implementation of Criminal History Background Checks for all RPLS starting in September 2020. TPBELS has also implemented significant fee reductions for FY21 and FY22 for RPLS. These changes, in addition to database conversions and RPLS rule revisions, were not conducive to moving to a quarterly renewal system for RPLS at this time. The agency will continue to review its renewal processes and consider all options as part of its continuous improvement process.</p>
Direct the board to conduct a comprehensive analysis regarding adoption of the nationally accepted practice exam and a separate, corresponding jurisprudence exam.	Incomplete/Ongoing	Rules proposed to make recommended change in August 7, 2020, issue of <i>Texas Register</i> . Exam development ongoing. Implementation delayed due to COVID-19.
Direct the board to publish disciplinary history online.	Fully Implemented as of September 1, 2019	Summaries of all engineering and surveying enforcement actions are published on the Board's website after each Board meeting and maintained on the website for at least three years. Full orders are timely provided to the public upon request in accordance with the Texas Public Information Act.
Board of Professional Geoscientists		
Direct the board to eliminate the reference letter, in rule, for individuals applying to register as a geoscientist-in-training.	Fully Implemented as of September 1, 2019	
Direct the board to discontinue geoscience firm registration.	Incomplete/Ongoing	Forming an Advisory Committee to assess possible impact.
Direct the board to cease routinely opening unlicensed public practice complaints against expired licensees who failed to timely renew.	Fully Implemented as of September 1, 2019	
Direct the board to further develop policies guiding the administrative dismissal of complaints by staff, specifically to provide staff clear direction to handle continuing education complaints unless aggravating circumstances require board involvement.	Fully Implemented as of September 1, 2019	

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions		
Management Action	Self-reported Implementation Status	Entity Comments
Direct the board to publish its penalty matrix on its website.	Fully Implemented as of September 1, 2019	
Board of Public Accountancy		
Direct the board to develop a formal, agency-wide contract development and solicitation process for its professional services contracts.	Fully Implemented as of November 15, 2018	Adopted by Board.
Direct the board to develop a contracting improvement process.	Fully Implemented as of March 12, 2020	Adopted by Board.
Direct the board to comply with statute directing rules and procedures for military service members, veterans, and military spouses by March 1, 2019.	Fully Implemented as of December 5, 2018	Nine rules revised effective November 15, 2018, and December 5, 2018.
Direct the board to remove unnecessary application requirements for candidates to take the CPA exam.	Fully Implemented as of December 1, 2018	Omitted mental health records for applications.
Direct the board to accept online submission of exam applications.	Fully Implemented as of December 1, 2018	Eligibility application completed 2018. Issuance application, with low work volume, would not be cost effective to implement.
Direct the board to eliminate rules and policies requiring notarized information.	Fully Implemented as of January 16, 2020	Online application and three rules revised.
Direct the board to amend its peer review rules to account for risk posed to the public.	Fully Implemented as of October 10, 2019	Preparation engagements created [and] rules revised.
Direct the board to update its complaint policies and procedures by March 1, 2019.	Fully Implemented as of December 1, 2018	Online complaint form created, disclosure of professional associations removed [and] non-jurisdictional complaints tracked.
Direct the board to develop rules on administrative costs assessed on respondents.	Fully Implemented as of September 19, 2019	Administrative costs rule revised to describe cost calculations.
Direct the Sunset Commission to request that the Legislature examine all state boards, including the Texas State Board of Public Accountancy, for any legislation needed to mitigate the potential liability of boards controlled by active market participants.	Fully Implemented on June 10, 2019	Governor's office reviews [and] determines rules that affect market participation.
Department of Banking (DOB)		
Direct DOB and the Finance Commission to develop an updated complaint process in rule.	Fully Implemented as of September 8, 2019	The Department of Banking drafted new rules pertaining to procedures for handling complaints to align with the Sunset Advisory Commission's Licensing and Regulation Model guidelines. The new rules, [Title] 7 [Texas Administrative Code], Part 2, Chapter 11, §§11.10, 11.11 and 11.12, were presented at the June 21, 2019 Finance Commission of Texas meeting, adopted at the August 16, 2019 meeting, and became effective on September 8, 2019. [44 TexReg 4706] [Title] 7 [Texas Administrative Code], Part 2, Chapter 11, §§11.10, 11.11 and 11.12

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions		
Management Action	Self-reported Implementation Status	Entity Comments
Department of Motor Vehicles (TxDMV)		
Direct the Sunset Commission to request that the Legislature examine all state boards, including TxDMV's board, for any legislation needed to mitigate the potential liability of boards controlled by active market participants.	[Not Implemented]	This recommendation was directed to the Sunset Commission so TxDMV does not have a part in implementing this recommendation.
Direct the board to establish advisory committees to provide expertise for rulemaking and other issues and adopt rules regarding standard committee structure and operating criteria.	Fully Implemented as of August 23, 2019	
Direct the department to adopt its current "red flag" fraud warning system to further implement a clear and efficient path for county tax assessor-collectors to report and request department action for suspected fraud, waste, or abuse of the registration and title system by employees, dealers, and full-service deputies.	Fully Implemented as of March 1, 2020	
Direct the department to identify and implement methods to reduce its complaint resolution timeframes.	Fully Implemented as of November 29, 2018	
Direct the department to develop clear guidance and criteria for prioritizing investigations and inspections.	Fully Implemented as of November 29, 2018	
Direct the department to improve enforcement data tracking in its existing systems.	Fully Implemented as of August 10, 2020	
Direct the department to revise and expand key performance indicators and annual enforcement reports.	Fully Implemented as of March 26, 2020	
Direct the department to publish penalty matrices.	Fully Implemented as of May 22, 2018	
Direct the department to provide more detailed enforcement histories of regulated motor vehicle and motor carrier businesses online.	Fully Implemented as of March 26, 2020	
Direct the department to conduct criminal history checks for all motor vehicle license renewals.	Fully Implemented as of May 22, 2018	
Direct the department to adopt criminal history evaluation rules and guidelines consistent with Chapter 53, Texas Occupations Code for salvage industry regulation.	Fully Implemented as of October 1, 2020 ^c	This recommendation has been implemented as of October 2020. See publication: https://texreg.sos.state.tx.us/public/readtac\$ext.TacPage?sl=T&app=9&p_dir=P&p_rloc=201511&p_tloc=&p_ploc=1&pg=5&p_tac=&ti=43&pt=10&ch=211&rl=1 .
Remove unnecessary application requirements for salvage licenses.	Fully Implemented as of May 24, 2018	

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions

Management Action	Self-reported Implementation Status	Entity Comments
Direct the department to develop a comprehensive approach to developing, maintaining, and updating its IT infrastructure.	Substantially Implemented	<p>TxDMV is implementing a comprehensive approach to developing, maintaining, and updating our IT infrastructure, as outlined by the following high-level tasks and expected completion dates:</p> <ul style="list-style-type: none"> Create inventory of major IT systems: Complete. Conduct assessments regarding personnel and maintenance releases in order to develop recommendation for additional resources and frequency of maintenance releases: Complete. Create full inventory of all IT assets: Complete. Redesign a new organization structure: Complete. Implement a new organization structure: Complete. Create career paths and employee incentives: Complete. Develop product support/maintenance release schedule for all systems, as well as the creation of a short-term technology roadmap: Complete and reviewed with Executive Office. Roadmap will be updated on an ongoing basis. Create long-term Technology Roadmap: Complete and reviewed with Executive Office. Roadmap will be updated on an ongoing basis. Assess all technology project management, communication, and customer relationship management processes and procedures and revise processes/procedures as needed: Initial changes made, with continuous improvement activities ongoing beyond 12/31/2018. Assess all software development processes and enhance as needed, including implementation of additional infrastructure to support software development: Initial changes targeted for 9/1/2019, with continuous improvement activities ongoing beyond 9/1/2019 as needed. Continued implementation of state cybersecurity requirements and industry best practices: Ongoing.
Direct the department to evaluate and identify further opportunities to consolidate and modernize its customer service functions.	Fully Implemented as of April 20, 2020	
Direct the department to complete the existing contracted study, as required under House Bill 1959 (85th Legislature, Regular Session), to identify and assess alternative technologies for registering commercial vehicles by March 31, 2019, instead of December 1, 2021.	Fully Implemented as of March 1, 2019	
As part of the license application process for a salvage vehicle dealer, direct the department to consider the criminal background of an applicant's partner, company principal, officer, or general manager as a qualifying factor when determining whether to issue a license.	Fully Implemented as of October 31, 2019	
Direct the department to establish a risk-based approach to its salvage vehicle dealer inspections.	Fully Implemented as of October 1, 2019	

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions		
Management Action	Self-reported Implementation Status	Entity Comments
Department of Public Safety (DPS)		
Direct DPS to develop a system for collecting and maintaining output data related to its border security mission.	Fully Implemented as of April 28, 2020	This is the date the proposed budget structure and updated performance measures were submitted to the LBB [Legislative Budget Board].
Direct DPS to regularly report to members of the Legislature threat levels along the Texas-Mexico border.	Fully Implemented as of September 1, 2019	This should be considered fully implemented and ongoing as the reporting is ongoing.
Direct DPS to work with TDLR [Texas Department of Licensing and Regulation] to develop regulatory processes and rules.	Fully Implemented as of May 14, 2020	RSD [Regulatory Services Division] engaged TDLR to review existing practices and rules for opportunities to simplify DPS' regulatory functions. DPS utilized TDLR concepts of how they apply Occupations Code Chapter 53 regarding mitigating factors and evidence of rehabilitation to their criminal history reviews. This information was incorporated into our review process.
Direct DPS to adopt a process for applying mitigating and aggravating factors in criminal history evaluations.	Fully Implemented as of May 14, 2020	The Department has reviewed its application review processes and adopted amendments to its administrative rules on disqualifiers. The amendments were adopted on May 14, 2020.
Direct DPS to cease permanently disqualifying individuals for certain convictions (other than those convictions specified by Chapter 53), but in reviewing and modifying its rules, allow DPS to apply mitigating and aggravating factors to crimes relevant to the profession according to the level of threat to public safety.	Fully Implemented as of May 14, 2020	The Department has reviewed its application review processes and has adopted amendments to its administrative rules on disqualifiers. The amendments were adopted on May 14, 2020.
Direct DPS to adopt a risk-based inspection process. Also direct DPS to work with TxDMV [Texas Department of Motor Vehicles] to identify the most appropriate means of managing investigations and inspections of salvage yards, and to establish a Memorandum of Understanding [MOU] with TxDMV to coordinate oversight of these entities.	Substantially Implemented	RSD updated the risk based inspection process to include three primary factors. Risk based inspections are initiated upon: 1) receipt of information from credible sources such as law enforcement indicating potential non-compliance 2) utilizing reporting tools to identify anomalies or trends that point toward noncompliance and 3) receipt of consumer complaints. This will be considered fully implemented when the MOU [Memorandum of Understanding] with the DMV is executed.
The department and TDLR should develop a transition plan for the transfer of the motorcycle and ATV safety training programs.	Fully Implemented as of August 21, 2020	The program was transferred to TDLR by MOU on Aug 21, 2020.
Direct DPS to analyze its contracting and purchasing procedures, and align its levels of review, approval, and accountability with the value and complexity of the contracts and purchases. Also, direct the director of DPS to provide an annual assessment and report of contract management to the Public Safety Commission that includes trends and best practices on all contracts at the agency.	Fully Implemented as of October 15, 2020 ^d	The inaugural annual assessment and report of contract management was presented to the Public Safety Commission on Oct 15, 2020.
Direct DPS to track, analyze, and report contracting and purchasing data through all phases of the procurement process.	Substantially Implemented	DPS enhanced its process to track, analyze and report data using manual processes. However this will be considered fully implemented once a contract management system to enter and report on this data is implemented.

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions		
Management Action		
Direct DPS to maintain all contract-related documentation in a central location and post up-to-date contract information on its website.	Substantially Implemented	DPS enhanced its process to maintain all of the contract documentation. However, because CAPPs [Centralized Accounting Payroll/Purchasing System] is not a true contract management system (CMS) and we are still heavily reliant on manual processes to maintain the repository this will be considered fully implemented once a CMS to enter and report on this data is implemented.
The department should reform its business case development process to include a cost-benefit analysis when deciding whether to outsource a major function.	Fully Implemented as of September 1, 2019	The Department updated its procurement and contracts request template as of 9/1/19 to ensure that a cost-benefit analysis is performed on all open market outsourcing functions valued at 25K or more.
Department of Savings and Mortgage Lending (SML)		
Direct SML and the Finance Commission to develop an updated complaint process in rule.	Fully Implemented as of September 5, 2019	Implemented through the adoption of [Title] 7 TAC [Texas Administrative Code], Chapter 52. Adopted August 16, 2019, effective September 5, 2019.
Direct the agency to modify its penalty matrix to ensure consistent application of administrative penalties.	Fully Implemented as of April 1, 2019	Implemented through the modification of the existing penalty matrix. Modified matrix implemented April 1, 2019.
Finance Commission of Texas		
Direct the Finance Commission to evaluate and update the agencies' key performance measures.	Fully Implemented as of August 16, 2019	For fiscal year 2020, each finance agency selected the appropriate performance measures to make comparable with similar measures tracked by the other finance agencies. Operational performance measures were also added. These were presented and approved at the August 16, 2019 Finance Commission meeting.
Direct the Finance Commission to develop a budget policy that fosters more straightforward budgeting and fee setting.	Fully Implemented as of December 14, 2018	The Finance Commission's Policies and Procedures regarding training, budgeting and travel reporting were updated and approved at the December 2018 Finance Commission meeting.
Direct the Finance Commission to analyze and report on the implementation of their new fund balance policy adopted in February 2018. The Finance Commission would report each agency's change in total fund balance, types of funds reserved, and methodologies by which the agencies reduced their fund balances, if applicable, to the governor, lieutenant governor, speaker of the House, and Sunset Commission on September 1, 2020. Also, direct the Finance Commission to establish clear procedures for tracking performance towards fund balance goals established in their fund balance policy, including the new requirements that agencies present a plan to bring high balances into compliance and that reserve fund balance savings be probable, quantifiable, and non-routine.	Fully Implemented as of December 11, 2020 ^e	Finance Commission Chairman Holt issued a letter on October 29, 2020 to the Governor, Lt. Governor, Speaker of the House, and Sunset reporting the implementation of the fund balance policy and subsequent results. This item is deemed fully implemented.

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions		
Management Action	Self-reported Implementation Status	Entity Comments
Direct the Finance Commission to develop standard policies regarding tracking and reporting travel expenditures.	Fully Implemented as of December 14, 2018	The Finance Commission's Policies and Procedures regarding training, budgeting and travel reporting were updated and approved at the December 2018 Finance Commission meeting. Finance Agencies began reporting expanded categories of travel beginning with the first quarter financials for fiscal year 2019.
Direct the Finance Commission to minimize duplication of agency functions and promote more cost efficient administration of the finance agencies as originally recommended, but remove one requirement that the Finance Commission identify at least a 10 percent reduction in administrative costs. Also, as the Finance Commission studies how to minimize the duplication of agency functions, require the commission to evaluate not just cost efficiencies, but also changes that will make it easier for the public to interact with the agencies.	Substantially Implemented	Efficiency Audit was completed and provided to the agencies on June 7, 2019 and was reported to the Finance Commission at the June 21, 2019 meeting. Agencies provided their management responses and recommended action plan at the August 15-16, 2019 meeting. The Finance Commission voted on the agencies' recommendation and Efficiency Audit at the October 18, 2019 meeting. A status report on the Implementation of the Finance Commission's Directive on the Efficiency Audit was provided at the April 17, 2020 meeting. A second report will be provided at the October 16, 2020 meeting.
Funeral Service Commission (TFSC)		
Direct the agency to modify its MOU [memorandum of understanding] with DSHS [Department of State Health Services] to include sanitation standards for funeral homes and death care businesses.	Fully Implemented as of August 1, 2019	
Direct the agency to adopt rules for informal settlement conferences.	Fully Implemented as of October 3, 2019	
Direct the agency to provide more detailed disciplinary information on its website.	Fully Implemented as of September 10, 2019	
Directs the agency and DSHS to coordinate access to death certificate information for investigations.	Fully Implemented as of August 1, 2019	
Direct TFSC to eliminate unnecessary notarization requirements.	Fully Implemented as of August 1, 2019	
Direct the agency to accept all license applications and fee payments online.	Incomplete/Ongoing	Paper applications will need to be converted to online with online payment ability. This will be a major recoding project.
Direct the agency to make the consumer brochure freely available to licensees online.	Fully Implemented as of September 1, 2019	
Direct TFSC to develop standard procedures for evaluating experience for military service members, military veterans, and military spouses.	Fully Implemented as of September 1, 2019	
Direct TFSC to review and evaluate continuing education courses.	Substantially Implemented	Rule change will take effect after 30 days submitted to the <i>Texas Register</i> .

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions		
Management Action	Self-reported Implementation Status	Entity Comments
Direct the agency to discontinue its involvement in mediating private cemetery access disputes.	Fully Implemented as of September 1, 2019	
Direct the agency to provide information on nontraditional methods and options for the disposition of a body, such as cremation and green burials.	Fully Implemented as of September 1, 2019	
Guadalupe-Blanco River Authority (GBRA)		
Direct GBRA to ensure the asset management process is linked to the authority's public messaging and communications.	Substantially Implemented/ Ongoing	<ul style="list-style-type: none"> In FY 2017, GBRA began a complete review of all infrastructure it currently owns and/or operates to develop a comprehensive asset management program. GBRA recognizes all equipment and infrastructure with an original cost greater than \$5,000 and with a life exceeding one year as Capital Assets. The primary goal of the asset management program is to develop a risk-based model to prioritize necessary capital improvements and better manage assets from an operational and maintenance perspective. The program will support the development of a comprehensive long-term capital improvement plan, identification and planning for funding needs, improve field data collection approaches, increase efficiency in generating reports on operations, and develop a dashboard for quicker access to information through the installation of a computer maintenance management system (CMMS). The new system will also allow for GBRA to coordinate with the customers that will ultimately fund these improvements, so that a plan and method of funding can be identified and implemented in advance. GBRA engaged an asset management consultant in 2018, program kicked-off January 2019. A full-time Asset Manager was hired in January 2020. GBRA augmented internal communications staff and resources with contracted communication consultants to produce a dedicated public resource website regarding the infrastructure and financing needs related to the failing, 90 year-old Guadalupe Valley Hydroelectric System and associated dams and lakes. https://gvlakes.com/ Once fully implemented and deployed, the new Asset Management Plan will be annually approved by the GBRA Board of Directors as part of the annual budget, and will be posted on the agency's website.
GBRA should take additional steps to centralize its approach to procurement and contracting functions.	Fully Implemented during fiscal year 2019	<ul style="list-style-type: none"> GBRA executed a contract with Agiloft, a contract management software company, in July 2018. A job description was created and a vacancy posting in search of a Purchasing Manager occurred in spring 2018 and continued through the fall of 2018. A Purchasing Manager was hired and started on January 7, 2019. A centralized purchasing function was created primarily to: <ul style="list-style-type: none"> Ensure compliance with laws, regulations, and policies. Maintain the integrity of the procurement process by establishing fair, equitable, and objective practices and evaluation processes. Obtain goods and services at the best value and best possible price. Create work flow efficiencies through a standardized process and generate savings through economies of scale and aligned purchases. Serve as a resource for GBRA team members. The Purchasing Procedures Manual was revised and updated. Aligned purchasing thresholds with authorized spending levels. Revisions to travel and business meal procedures were made.

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions		
Management Action	Self-reported Implementation Status	Entity Comments
		<ul style="list-style-type: none"> Developed a standard template for procurements, solicitation evaluation criteria document, and template for checking references. Implemented an electronic procurement system in July 2019 which: <ul style="list-style-type: none"> Facilitated the sharing of procurement and response documents. Reduces staff time responding to requests, preparing for proposal evaluations. Standardizes procurement communications. Allows for better exposure for solicitations leading to increased competition, potentially better pricing and increased participation from historically underutilized businesses (HUBs). Provides access to other resources. Includes a timestamp on proposal submissions. Reduces costs to vendors to submit electronically as there is no need for delivery service. Creates a searchable vendor registry. Created a centralized Amazon business account requiring Purchasing approval. Current initiative: <ul style="list-style-type: none"> Implementation of a purchasing card program to provide streamlined submission of receipts, reporting capabilities, card controls, and financial rebate. Upcoming initiatives: <ul style="list-style-type: none"> Revamping of purchasing webpage to provide more information in advance to prospective vendors. - https://www.gbra.org/public/currentbids.aspx Implementation of purchase order module in financial system. Development of a training session for vendors - "How to do Business with GBRA." Development of additional methods to reach HUBs. Participation in State of Texas vendor fair.
GBRA should ensure key procurement and contract management staff receive formal training.	Fully Implemented during fiscal year 2020	<ul style="list-style-type: none"> All GBRA employees were required to attend a formal purchasing training led by the Purchasing Manager on October 17, 2019. Division managers, plant/facility managers, and chief operators received formal training at Operations Meetings on September 19, 2019 and January 30, 2020. Continuing education will be provided to employees with procurement and contract management authority, duties, and oversight. Informal training and discussion takes place throughout the year as procurement opportunities arise.
GBRA should improve certain contracting activities to ensure consistency and enhance monitoring. Also direct GBRA to re-evaluate contracts for professional services every five years, and frequently compile updated vendor lists and best value practices for cost savings to use when re-evaluating contracts.	Fully Implemented during fiscal year 2020	<ul style="list-style-type: none"> On December 18, 2019, the GBRA Board of Directors adopted changes to Board Policy including Policy 303 (Procurement) to address this issue. It states that "Procurement personnel shall establish a contract management system to track and manage all substantive GBRA procurement contracts and shall review and on-going contracts at least every five years to evaluate the continuing need and cost effectiveness of such contracts." GBRA is in the process of developing the schedule to ensure periodic review of professional services contracts. An electronic filing procedure has been established within GBRA's existing TAB records management software for competitive procurement processes and all related documents. At the outset of a new procurement solicitation, a review committee is established and individuals are required to sign a conflict of interest document disclosing any potential conflicts. The Purchasing Manager has worked closely with GBRA's legal department over the last year and a half to finalize contract templates and other

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions		
Management Action	Self-reported Implementation Status	Entity Comments
		<p>purchasing related documents. While a formal escalation policy is not in place, trainings have emphasized the need for discussion and dialogue in the event of poor vendor performance. In addition, a template for documenting vendor performance has been developed and shared with stakeholders.</p> <ul style="list-style-type: none"> Through the Bidnet procurement system, at the completion of a solicitation, a scoring summary is posted to the site for review by proposing vendors and others.
Direct GBRA to consolidate the funds it provides to the Guadalupe- Blanco River Trust and San Antonio Bay Foundation to one organization and clearly define expectations tied to this funding.	Fully Implemented during fiscal year 2020	<ul style="list-style-type: none"> In consideration of the Sunset Report, GBRA and GBRT executed an amended Memorandum of Understanding in 2019. The GBRA Board adopted the amended MOU on 7/17/2019 and the GBRT Board adopted the amended MOU on 9/11/2019. The new MOU provides a process and timeframe for GBRT to transition toward administrative, operational, and fiscal autonomy by 2023, per the Sunset Recommendation. The Board of the San Antonio Bay Foundation voted to dissolve the SABF as an organization. The Board of the Guadalupe River Foundation voted to dissolve the GRF as an organization.
Direct GBRA to create clear boundaries and reporting structures between its staff and associated nonprofits	Fully Implemented during fiscal year 2020	<ul style="list-style-type: none"> GBRT and [its] staff are now administratively separated from GBRA, and no longer report or have oversight within GBRA's management structure.
Direct GBRA to evaluate whether the Gorge Preservation Society's narrow mission justifies GBRA support or whether its activities could be performed internally.	Fully Implemented during fiscal year 2019	<ul style="list-style-type: none"> GBRA and Gorge Preservation Society executed an amended Memorandum of Understanding in 2019. The GBRA Board adopted the amended MOU on 7/17/2019 and the GPS Board adopted the amended MOU on 5/8/2019. GBRA now fully administers and manages operations and GBRA staff at the Canyon Lake Gorge.
Direct GBRA to evaluate the continuing need for relationships with any nonprofits every five years to ensure the nonprofits are achieving shared goals.	Fully Implemented during fiscal year 2020	
Require opportunities for public testimony at board meetings and direct river authorities to implement additional best practices to improve openness and transparency.	Fully Implemented during fiscal year 2020	<ul style="list-style-type: none"> GBRA updated and adopted the board policies at the December 2019 board meeting implementing the across-the-board recommendations applicable to GBRA (i.e. defined separation between policymaking of the board and management by the general manager, alternative dispute resolution, etc). Additionally, the posting and communication related to the public testimony portion of GBRA Board meetings was initially updated and effective October 2017.
Direct GBRA and RRA [Red River Authority] to adopt a formal, written five-year strategic plan and engage in a regular strategic planning process. Direct the written plan to be made public record online at the time of its completion and updated regularly when needed.	Fully Implemented during fiscal year 2018	<ul style="list-style-type: none"> Prior to the Sunset Review, on September 20, 2017, the GBRA Board unanimously adopted the 2018-2028 Strategic Plan for the Guadalupe-Blanco River Authority. This new plan was the first update since 2002. In compliance with the Sunset Recommendations, GBRA will update and renew the strategic plan and process every 5 years.
Historical Commission (THC)		
Direct THC to establish and lead a working group composed of the chair or their designee from THC, TPWD [Texas Parks and Wildlife Department], and State Preservation Board (SPB), the commissioner of the General Land	Fully Implemented as of December 2018	<p>Based upon the Statement of Work and the draft schedule attached, THC estimates the following costs for implementation. The Fees have been calculated on the assumption of 10 workshops located in various regions. Should the quantity of sites increase, the fees would adjust accordingly.</p> <p>Professional Fees:</p>

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions

Management Action	Self-reported Implementation Status	Entity Comments
Office (GLO) or his designee, and stakeholders to begin to develop a statewide historic sites master plan, including presenting a proposal for the development of such a plan by December 10, 2018.		<ul style="list-style-type: none"> ▪ Interpretive Master Plan \$700,000- 850,000. ▪ Affiliation Program \$100,000. ▪ Facility Assessment & Prioritization of Needs \$150,000 - 225,000. ▪ Allowances for other items: ▪ Marketing/PR Plan \$250,000-300,000. ▪ Architectural Services (By THS). ▪ Reimbursable Expenses \$150,000-170,000. ▪ Education Consultant \$50,000-75,000 (Optional/as - required).
Direct agencies with a curatorial collection and deaccession policy to work with Texas Facilities Commission (TFC) to sell unneeded collections items.	Fully Implemented as of July 2020	Approvals took place at THC Quarterly Meetings.
Direct THC and TPWD to work with the TFC to explore options for a joint curatorial facility to serve the needs of the state's historic site collections. Also direct THC and TPWD, in consultation with the SPB, GLO, and the Texas State Library and Archives Commission, to identify and consider each agency's storage needs. Also specify the agencies should work together to create a master inventory of the state's curatorial collections. Further, direct THC to collaborate with TPWD, SPB, GLO, and the Texas State Library and Archives Commission to develop a uniform approach to inventorying the state's curatorial collections and create a master inventory of such property.	Fully Implemented as of March 2019	<p>[The Joint Agency Collections Facility Report] provides an overview and specifics of each agency's collection needs in the Design Considerations section of the report.</p> <p>THC estimates the implementation of this recommendation would take approximately five years and is estimated to cost \$6.4 [million], and includes approximately 16 FTEs distributed between five separate agencies.</p> <p>THC's efforts to address this recommendation included consultation with all partner agencies to consider how such a database might be created; the document, Options for the Creation of a Searchable Public Catalogue of Collections ... outlined requirements and objectives advanced by the collections committee and three viable proposals in collaboration with the subject agencies, each of them serving common deliverables, which are listed below:</p> <ul style="list-style-type: none"> ▪ A public-facing search engine. ▪ Segregation of working collections data. ▪ Translation of unique nomenclature and distinct file formats into a standard template that permits a single search. ▪ Collections Security. ▪ Maintenance and oversight.
Direct THC and TPWD to develop a memorandum of understanding to limit duplication in management of historic sites related to curatorial storage facilities, procurement and contracting, and preservation and interpretation.	Fully Implemented as of March 2019	
Direct THC to work with the attorney general's office on a single, performance based contract and to provide stronger contract oversight.	Fully Implemented as of July 2020	
Direct THC to include the use of the Heritage Trails program and nonprofits in its long-term planning.	Fully Implemented as of July 2020	
Direct THC to adopt rules providing for a process that includes input from professional historians to provide additional perspectives for stakeholders	Fully Implemented as of November 2018	

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions		
Management Action	Self-reported Implementation Status	Entity Comments
to challenge the accuracy of existing THC historical markers.		
Library and Archives Commission (TSLAC)		
Direct TSLAC to adopt a fee schedule for PIA [Public Information Act] requests.	Fully Implemented as of March 18, 2020	
Direct TSLAC to create a working group for legislative records issues.	Not Implemented	Provisions of HB 1962 and HB 4181 transferred ownership of all legislative branch records to the Legislative Reference Library (LRL). Accordingly, TSLAC was no longer the appropriate agency to convene such a group. TSLAC and LRL have worked closely over the past year to transfer legislative records and related functions. *No longer applicable to TSLAC.
Direct TSLAC to gather customer input and regularly update the minimum state records retention schedule. Direct TSLAC to complete an assessment of any statutory changes from the 86th Legislature regarding state records and establish a working group of state agency records management officers by September 1, 2019. Direct TSLAC to update and adopt a new minimum records retention schedule by April 1, 2020.	Fully Implemented as of May 10, 2020	TSLAC gathered stakeholders to begin the process of amending the state retention schedule in June 2019. The group met throughout the summer and fall of 2019. A draft was prepared in the winter of 2019 and 2020 and made available for stakeholder input before the official rule filing process.
Direct TSLAC to prohibit grant reviewers from applying for grants in the same categories they score.	Fully Implemented as of March 18, 2020	
Direct TSLAC to openly solicit peer grant reviewers.	Fully Implemented as of March 18, 2020	
Direct TSLAC to adjust grant award criteria and scoring to better disperse grant funding to a wider pool of libraries.	Fully Implemented as of March 18, 2020	
Direct TSLAC to work with the Texas Historical Commission, Texas State Preservation Board, Texas Parks and Wildlife Department, and General Land Office to explore options for new curatorial space at TSLAC's Shoal Creek location.	Fully Implemented as of December 2018	TSLAC met with representatives of named agencies to discuss the potential for sharing curatorial space. The discussions, convened by the Texas Historical Commission, concluded the best investment of public funds would be to expand on land of the existing state-owned facility located at 4400 Shoal Creek Boulevard in Austin. With this approach, existing facilities would not be duplicated within the same structure and public funds would be invested in public assets. THC submitted the joint report to legislative offices.
Direct TSLAC to identify and coordinate with other state agencies to promote the agency's grant programs to increase participation among libraries across the state. The intent of this recommendation is to increase participation in the agency's grant programs, not the funding for the grant programs.	Fully Implemented as of April 2019	TSLAC staff engaged in conversations with representatives of the Arts Commission, the Texas Education Agency, and the Texas Department of Agriculture to share information on grant programs. As a result, TSLAC staff now regularly partners with the Arts Commission to cross promote activities and provides information about programs to other agencies.
Lower Colorado River Authority (LCRA)		
Direct LCRA to provide more detailed financial information in its publicly available documents. Specify that in	Fully Implemented as of November 14, 2019	Detailed annual financial information is posted online and consists of all elements listed in the recommendation.

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions		
Management Action	Self-reported Implementation Status	Entity Comments
providing more detailed financial information, LCRA should do so in an annual, publicly available report that strives to include the information listed in the staff recommendation. Clarify that the clear explanation of money transfers between business units, departments, and funds applies only to material transfers. For its operational reserve funds, LCRA should provide a list of each fund, its purpose, and its balance. For its strategic reserve funds, LCRA should just provide the cumulative balance of all the funds.		
Direct LCRA to provide more transparent, consistent, and accurate agenda meeting notices to the public.	Fully Implemented as of April 16, 2019	LCRA board agenda items and executive session topics are posted to the website and are consistent with the legal notice posted with the secretary of state.
Direct LCRA to improve transparency of its committees-of-the-whole.	Fully Implemented as of May 21, 2019	Meeting dates, agendas and materials for committees-of-the-whole are posted online. Additionally, LCRA records and posts videos of these committee meetings, when possible.
Direct LCRA to amend its public testimony protocols to provide greater accessibility.	Fully Implemented as of December 11, 2018	The LCRA board approved amended protocols for public communication at board and committee meetings consistent with the recommendation. The protocols are posted online for the public.
Direct LCRA to clearly separate the governance and management of the land trust from its own board and staff.	Fully Implemented as of April 1, 2019	The LCRA board of directors amended Board Policy 106 - Ethics to include recusal provisions for board members serving on both LCRA and CRLT [Colorado River Land Trust]. CRLT amended its bylaws and Conflict of Interest Policy to incorporate recusal provisions and address board member composition and affiliation. The two LCRA employees who previously worked exclusively on CRLT business are now full-time employees of CRLT, reporting directly to the CRLT board of directors.
Direct LCRA to update its service agreement with the land trust to include performance goals and a timeline of expectations for the land trust to move towards greater financial independence from LCRA.	Fully Implemented as of March 29, 2019	LCRA and CRLT executed a grant agreement which includes performance goals regarding conservation easement projects, fundraising, public outreach, accreditation and mission compliance. The agreement also contains a process for LCRA to review CRLT performance.
Direct LCRA to document and publish a clear appeals process for on-site sewage facility [OSSF] regulatory decisions.	Fully Implemented as of April 23, 2019	LCRA documented and published a clear appeals process for OSSF regulatory decisions. Notifications of adverse OSSF permitting decisions include the appeals process information and deadlines to proceed.
Direct LCRA to develop and publicize an online option for submitting on-site sewage facility permit applications and payments.	Fully Implemented as of March 7, 2019	Applicants for OSSF permits have the option to submit application materials and payments online by following the appropriate links and instructions on the LCRA OSSF webpage.
Direct LCRA to develop and publicize a clear complaints process for all three water quality regulatory programs.	Fully Implemented as of April 22, 2019	"Contact LCRA" was developed as a centralized way for the public to file complaints online. A policy document establishing procedures for each phase of the regulatory complaint process was developed and posted online. LCRA publicized its role in accepting and responding to complaints by adding prominent links to the complaint portal and posting the complaint procedure document on each water regulatory program webpage.
Direct LCRA to collect, maintain, and report detailed information on complaints	Fully Implemented as of April 22, 2019	The purchase and customization of new customer service software allows LCRA to collect, maintain, and report regulatory program complaint information. A formal internal process was developed for tracking, analyzing, and reporting statistical information on water regulatory program complaints. Reports

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions		
Management Action	Self-reported Implementation Status	Entity Comments
		detailing water regulatory program complaints are provided to management, the LCRA board, and posted online for the public.
Direct LCRA to develop and adopt a conflict-of-interest policy specific to the grant program including disclosure and recusal elements.	Fully Implemented as of April 25, 2019	A conflict-of-interest policy was developed for review committee members and staff, including disclosure and recusal elements. Review committee members sign an annual acknowledgement of the ethical standards of conduct and conflict-of-interest provisions and receive training from LCRA counsel regarding the conflict-of-interest policy. Review committee members' names and affiliations are posted to LCRA's website and CDPP [Community Development Partnership Program] grant application materials include a section for the applicant to disclose relationships with review committee members.
Direct LCRA to update its grant application materials to more clearly disclose scoring criteria to applicants.	Fully Implemented as of April 25, 2019	Detailed CDPP scoring criteria and guide posted online and added to the grant application.
Direct LCRA to update the overall goals for its CDPP grant program to include more specific program priorities and outcome measures to inform future investments.	Fully Implemented as of April 25, 2019	More specific program goals and priorities developed. Benchmarks identified, including for achieving economic development in rural, low-income parts of the service area. Measures established to determine impact and outcomes of grants awarded. Application materials updated to include additional questions related to program goals. Annual reports are provided to the LCRA board.
Direct LCRA to use available technology to improve grant tracking and communication to applicants and grantees.	Fully Implemented as of April 25, 2019	LCRA purchased a new software program to assist with application tracking and communication. Applicants are notified through the communication function of the new software program when they reach each of the benchmarks listed in the recommendation.
Direct LCRA to update its board nepotism policy to fully conform to TCEQ [Texas Commission on Environmental Quality] requirements and state law.	Fully Implemented as of December 11, 2018	The LCRA board adopted amendments to Board Policy 106 - Ethics to include the required nepotism language.
Direct LCRA to improve its Small and Diverse Supplier Program to better comply with the intent of HUB [historically underutilized business] laws.	Fully Implemented as of April 26, 2019	LCRA established a plan to better ensure its Small and Diverse Supplier Program complies with state law and TCEQ requirements, including all elements listed in the recommendation. Management monitors, evaluates, and modifies the program as needed. Reports are generated annually for management and the LCRA board.
Direct LCRA to plan, more proactively implement, and monitor its efforts to increase workforce diversity.	Fully Implemented as of April 11, 2019	LCRA developed a comprehensive plan to diversify its workforce, including goals, objectives, and measurable results. The plan also outlines monitoring and reporting requirements.
Military Department (TMD)		
Direct the adjutant general to improve supervision and support of the department's state employees.	Fully Implemented as of January 2019	Improvements are continual, including a State Supervisor Personnel Management Course, revising the HR Manual as required, and improved coordination with military supervisors.
Direct the department to review and update its administrative rules.	Fully Implemented as of September 6, 2019	
Direct the department to improve planning and implementation of purchasing policy changes, including scheduling policy updates based on risk and ensuring all staff involved in purchasing have information needed to carry out their duties.	Fully Implemented as of March 6, 2019	

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Direct the department to track and report performance of all phases of the purchasing process.	Fully Implemented as of September 1, 2019	
Direct the department to develop a process for programs to share information about timelines and needs to prioritize purchasing workload across the department.	Fully Implemented as of September 1, 2019	
Direct TMD to evaluate State Guard missions and establish strategies to support the program and protect the state's interest.	Fully Implemented as of January 30, 2019	Evaluation and coordination are continual processes.
Direct the department to provide State Guard members with access to the department's ombudsman for voicing general program concerns.	Fully Implemented as of January 30, 2019	Evaluation and coordination are continual processes.
Direct the department to identify specific options for relocating the Sheffield campus no later than January 1, 2019, with a goal to preserve federal funding and other Challenge program benefits for Texas' at-risk youth.	Fully Implemented as of January 30, 2019	National Guard Bureau did not extend funding to continue the Sheffield location. Last class graduated Aug. 2018. Final staff departed Dec. 2018.
Direct the department to close the Texas Challenge program's Sheffield campus in March 2020, regardless of whether relocation is feasible.	Fully Implemented as of December 2018	Sheffield Campus closed prior to March 2020 because federal funding to extend operation of the program site through that period was not provided by the National Guard Bureau.
Direct the department to establish updated goals to target the use of limited state tuition benefits and collect information needed to measure performance.	Fully Implemented as of September 1, 2019	Updated goals/targets were adopted by the 86th Texas Legislature. NOTE: TMD is proposing revisions to the performance measures for FY 2022 - 2023 that have been approved by the LBB [Legislative Budget Board] and Governor's Office for inclusion in the agency's Legislative Appropriations Request.
Direct the department to update informational materials and training to ensure recruiters and potential applicants receive accurate information about state tuition benefits.	Fully Implemented as of January 1, 2020	
Nueces River Authority		
Nueces River Authority (NRA) should take action to prepare for future retirements and workforce changes.	Incomplete/Ongoing	Funding issues have hampered implementation.
Require opportunities for public testimony at board meetings and direct river authorities to implement additional best practices to improve openness and transparency.	Fully Implemented as of August 14, 2019	
Direct Red River Authority (RRA) and Nueces River Authority (NRA) to develop a policy to ensure all professional services contracts are reviewed every five years. RRA and NRA should also frequently compile vendor lists and best	Fully Implemented as of August 14, 2019	

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value practices for cost savings to use when re-evaluating contracts.		
Office of Consumer Credit Commissioner (OCCC)		
Direct OCCC and the Finance Commission to develop an updated complaint process in rule.	Fully Implemented as of August 16, 2019	The OCCC developed 7 Texas Administrative Code Section 82.4 to detail all phases of the agency's complaint investigation and resolution process. The complaint rules have incorporated the best practices identified in the Sunset Staff Report.
Direct the agency to make enforcement orders available online.	Fully Implemented as of October 9, 2018	The OCCC has made its enforcement orders available online. The orders are available at: https://occc.texas.gov/enforcement_actions . The website contains final enforcement orders for actions closed since September 1, 2018 (the beginning of fiscal year 2019). The website is updated on a monthly basis.
Real Estate Commission (TREC) and Appraiser Licensing and Certification Board (TALCB)		
Direct the agency to evaluate and update its key performance measures.	Fully Implemented as of June 1, 2020	TREC and TALCB Executive Committees reviewed measures and directed staff to implement more meaningful performance criteria. TREC and TALCB approved new measures at the February 2019 meetings. These new measures were included in 2021-2025 Strategic Plan submitted on June 1, 2020.
Direct the agency to develop a budget policy that fosters more realistic, straightforward budgeting and fee setting.	Fully Implemented as of February 2019	Budget policies for both TREC and TALCB were updated at the November 2018 meetings and ratified for current cycle at the February TREC/TALCB 2019 meetings. TREC and TALCB also adopted a new budget amendment documentation process to account for transfers from technology and other reserves for expenditures. In addition, the budget policies for both TREC and TALCB have been further ratified as of Aug 2020 and offer further clarification into the straightforward budgeting process of the agency and fosters a more realistic and transparent budgeting approach.
Direct the agency to update its fund balance policy to limit growth.	Fully Implemented as of January 2020	Reserve policies for both TREC and TALCB were updated at the November 2018 and February 2019 meetings, as part of budget policy revisions. Long-term facility planning reserves were discontinued and these funds were repurposed to Strategic & Customer Service Projects. To reduce income to TREC, multiple miscellaneous fees and some fees associated with automated processes were adopted at the November 2019 meeting with a January 1, 2020 proposed effective date. On Aug 10, 2020, the Commission adopted a revised budget policy that eliminates all previously authorized reserves and the agency is only authorized to carry a balance in the operating and contingencies reserves that is equal to 6 months of expenses. Additionally, the Budget and Executive Committees for both TREC and TALCB are tasked with considering and recommending future fee adjustments to limit excess revenue accumulation and to reduce current reserves.
Direct the agency to review and streamline inspector pre-licensing education requirements by January 1, 2020. As part of its review of the requirements, direct the agency to ensure the content aligns with the inspector licensing exam subject matter and evaluate the impact of any streamlining on exam passage rates by January 1, 2021.	Substantially Implemented	TREC proposed rule amendments to the following and a new rule (specified below) to implement this recommendation at the November 2019 TREC meeting: <ul style="list-style-type: none"> • 22 TAC [Texas Administrative Code] 535.209 (Examinations). • 22 TAC 535.212 (Education and Experience Requirements for a License). • 22 TAC 213 (Qualifying Real Estate Inspector Courses). • NEW 22 TAC 535.214 (Education and Experience Requirements for a License). The adoption of these rules was delayed because they had to be reviewed and approved by the Governor's Regulatory Compliance Division. The proposed rules were submitted to that Division in November of 2019. The review and

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		final approval process took approximately 10 months to complete. The rules were finally adopted by TREC at the August 202 meeting. The effective date of these amendments is March 1, 2021 to allow education providers time to comply.
Direct the Real Estate Commission to develop standard rules and procedures for handling each phase of the complaint process by March 15, 2019.	Fully Implemented as of June 2019	Rule amendments were proposed in February 2019 and adopted in May 2019 to outline the complaint process. Additionally, staff developed a complaint overview manual in October 2018, and details of internal complaint processing procedures were added to the TREC website. Both the manual and website are maintained and amended as appropriate to reflect current processes.
Direct the Real Estate Commission and Appraiser Board to establish a process to document and track nonjurisdictional complaints by March 15, 2019.	Fully Implemented as of June 2019	Rules were proposed in February 2019 and adopted in May 2019 to implement this directive. Additionally, TREC and TALCB have adopted a Standard Operating Procedure (SOP), drafted a form letter to issue when non-jurisdictional complaints are made, and implemented a tracking process and spreadsheet.
Direct the Appraiser Board to establish a process to prioritize complaint investigations based on the risk each complaint poses to the public by March 15, 2019.	Fully Implemented as of June 2019	Rules to implement this directive were proposed in February 2019 and adopted in May 2019. Processes have been implemented that include ongoing screening and weekly progress meetings to ensure priority.
Direct the Appraiser Board to develop a plan to improve its investigative process and reduce complaint resolution timeframes by March 15, 2019.	Fully Implemented as of June 2019	Rules to implement this directive were proposed in February 2019 and adopted in May 2019. Staff implemented additional improvements in March, including outsourcing of commercial report reviews and hiring of four new staff. New target time frames are built into the shortened process. As of Summer 2020, TALCB Enforcement had hit the Sunset target of 180 days to process complaints.
Direct the Appraiser Board to implement policies and practices to allow for electronic submission of licensing information, materials, and experience logs whenever possible by March 15, 2019.	Fully Implemented prior to Sunset Review	TALCB already permits electronic document submission. The ITS [Information Technology Services], Licensing, and Enforcement divisions continue to review the process for additional improvements, including adding the ability to electronically submit documents through the Agency's online portal at the time of application.
Direct the Real Estate Commission to submit a proposed plan, timeline, budget, and statement of need for the purchase of property to the Texas Facilities Commission and the Sunset Commission by September 1, 2019.	Fully Implemented as of February 2019	Both TREC and TALCB approved recommendations at their February 2019 meetings to: <ul style="list-style-type: none"> • cease consideration of an alternate facility, • eliminate the reserves and • repurpose the funds for customer service and other strategic projects as approved by each policy making body. The process is in place and a report was sent to the Sunset Commission on September 1, 2019, detailing these actions.
Direct the agency to report annual performance data to the Sunset Commission until January 1, 2023. Annual performance data must include the following: <ul style="list-style-type: none"> • The average time to resolve a complaint • The average time to issue a license • Reserve fund balances • Call hold times broken down by quarter 	Incomplete/Ongoing	Initial report was submitted on January 1, 2020. Data for all measures is available for the entire calendar year with the exception of average time to issue a license. That data is only available for the 3rd and 4th quarter of CY [calendar year] 2019. Agency will continue to submit this data on an annual basis until January 1, 2023.

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• The number and percentage of abandoned calls, broken down by quarter		
Direct the agency to provide quarterly call center reports including average call wait times by month and percentage of calls abandoned by month to the Sunset Commission beginning March 1, 2019 until January 1, 2021.	Incomplete/Ongoing	Agency has submitted quarterly reports on March 1, 2019, June 1, 2019, and September 1, 2019 and all of FY 2020 and will continue to do so on a quarterly basis until January 1, 2021.
Red River Authority (RRA)		
Direct RRA to document and regularly update its key duties and procedures.	Fully Implemented as of April 7, 2020	RRA amended Chapter 1.3.22 of Administrative Policy and Procedure Manual by Resolution of the Board of Directors.
Require opportunities for public testimony at board meetings and direct river authorities to implement additional best practices to improve openness and transparency.	Fully Implemented as of July 18, 2018	RRA has always included an item for public input on its agendas at each Board Meeting. However, RRA expanded its public comment opportunity on each Board Meeting Agenda item, beginning with its July 18, 2018 Board Meeting.
Direct RRA and NRA [Nueces River Authority] to develop a policy to ensure all professional services contracts are reviewed every five years. RRA and NRA should also frequently compile vendor lists and best value practices for cost savings to use when re-evaluating contracts.	Fully Implemented as of August 12, 2020	RRA amended Chapter 2.3.1 of its Administrative Policy and Procedure Manual by Board of Directors Resolution on August 12, 2020.
Direct Red River Authority (RRA) to comply with Texas Commission on Environmental Quality (TCEQ) rules by adopting required administrative policies.	Fully Implemented as of April 7, 2020	<p>a. A policy prohibiting the authority from granting money or other valuable property to individual citizens, associations, or corporations. <i>This was completed with the implementation of amended Policy Chapter 1.0.6 by Resolution adoption by the Board of Directors on April 7, 2020.</i></p> <p>b. A policy to prohibit nepotism. <i>This was completed with the implementation of amended Policy Chapter 1.2.3 by Resolution adoption by the Board of Directors on April 7, 2020.</i></p> <p>c. A policy for pre-qualified professional services vendors for contracts expected to exceed \$25,000. <i>This was completed with the implementation of amended Policy Chapter 2.3.1 by Resolution adoption by the Board of Directors on August 12, 2020.</i></p>
Red River Authority Reporting: Direct RRA to provide written semi-annual reports to the Sunset Commission regarding the implementation of the recommendations adopted by the commission, beginning January 31, 2019. This provision would expire after two years to coincide with Sunset's compliance review.	Fully Implemented as of February 1, 2019	Completed.
Strategic Planning: Direct RRA to adopt a formal, written five-year strategic plan and engage in a regular strategic planning process. Direct the written plan to be made public record online at the time of its completion and updated regularly when needed.	Fully Implemented as of April 15, 2020	RRA Board of Directors adopted a 5-year Strategic Plan at its meeting on April 15, 2020. The Plan will be updated every 5 years. Additionally, the Plan was posted on RRA's website immediately following the adoption by the Board of Directors.

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Succession Planning: RRA should take action to prepare for future retirements and workforce changes.	Fully Implemented as of April 7, 2020	RRA Amended Chapter 1.2.3 of its Administrative Policy and Procedure Manual by Resolution of the Board of Directors.
School Land Board (SLB) (General Land Office) (GLO)		
Direct SLB to adopt rules to guide its investment policy and strategies and to align its investment policy and strategies with those that apply to SBOE [State Board of Education].	Fully Implemented as of July 23, 2019	The Policy was unanimously approved by the IAC [Investment Advisory Committee] at its June 20, 2019 meeting. The Policy was subsequently presented by the CIO [Chief Investment Officer] to the SLB on July 23, 2019 for consideration and possible action on proposed modifications to the TXGLO [GLO] Permanent School Fund Real Assets Investment Policy Statement, and other matters in connection therewith. Motion carried unanimously.
Direct SLB to adopt rules for the size, membership, and responsibilities of the investment advisory committee [IAC], including a requirement that a majority of the committee members have expertise in the management of a financial institution or other business in which investment decisions are made.	Incomplete/ Ongoing ^f	The investment policy defines the roles and responsibilities regarding the Board, IAC and the Investment Management Division. The board is set to begin discussions regarding the composition of the IAC at the next scheduled meeting on October 20, 2020. The IAC Charter will be updated appropriately once the deliberations are completed.
Direct SLB to publicly report more detailed investment information in the PSF [Permanent School Fund] Comprehensive Annual Financial Report and to provide SBOE a quarterly report that includes returns for the investment benchmark and investments themselves.	Fully Implemented during fiscal year 2019	The investment information provided to SBOE for inclusion in the FY 2019 PSF Comprehensive Audited Annual Financial Report contains gross and net time-weighted returns for 1-, 3-, 5-, and 10-year periods on a portfolio basis and broken down according to portfolio asset allocations. The aggregate portfolio returns are also presented against the portfolio benchmark returns.
Direct SLB to document the division of responsibilities for its investment management staff.	Incomplete/Ongoing	The SLB adopted revisions to the TXGLO [GLO] PSF Investment Policy Statement ("Policy") on July 23, 2019. The Policy includes a description of the roles and responsibilities of the SLB, Investment Advisory Committee, the Investment Management Division, external investment managers and advisors. The TXGLO Investment Management Division ("IMD") is a small division with very specific duties. The CIO does not delegate any major discretionary duties to his staff. Only ministerial or administrative duties are delegated to IMD staff by the CIO. Each IMD staff [member's] specific duties are described in their current agency Job Descriptions.
Direct SLB to review and approve large contracts and to receive briefings from the General Land Office director of contract management at least once a year regarding contracts under \$1 million.	Fully Implemented as of January 20, 2020	Policy presented and approved during 1/21/2020 SLB Meeting.
Direct SLB to develop, adopt, and implement clear contract monitoring policies and include them in the contract manual and training.	Fully Implemented as of January 20, 2020	Policy presented and approved during 1/21/2020 SLB Meeting.
Direct the General Land Office to develop a training policy and provide contract management training for project managers and other staff involved in the contracting process.	Fully Implemented during fiscal year 2020	Implementation for this recommendation is a team effort between the Contract Management Division (CMD), the Office of General Counsel, Financial Management and Human Resources. CMD alone does not have the authority to require Project Management training across the agency. Between the three divisions, a team has been formed to develop an overall plan for Project Management Training. The team last met on January 10, 2020, and decided to implement the following: 1. A list of Project Managers, by division, will be generated and sent to the Program Areas for verification. 2. Project Managers will be required to attend four hours of Project Management specific training per year. This is in

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		addition to the 12 hours of required training the GLO currently requires. 3. CMD, Financial Management, and Procurement will be responsible for each creating one hour of training related to Project Management. The fourth hour will be developed by Human Resources and will be General Project Management training.
Securities Board		
Direct the agency to develop a penalty matrix for both administrative penalties and sanctions recommended for final enforcement actions, and direct the State Securities Board to submit a brief report on the implementation of this recommendation to the Sunset Commission by March 15, 2019.	Fully Implemented as of March 16, 2020	From the Report ⁹ to the State Auditor's Office [and] Sunset Advisory Commission (page 5/12): Agency website content on penalty matrix and complaint process published on agency website.12 Fully Implemented See also Sunset Advisory Commission Recommendation 1.5.12 https://www.ssb.texas.gov/penalty-matrix .
Direct the board to develop and adopt rules describing all phases of its complaint process and to submit a brief status report on the implementation of this recommendation to the Sunset Commission by March 15, 2019.	Fully Implemented as of February 6, 2020	From the Report ⁹ to the State Auditor's Office & Sunset Advisory Commission (page 6/12): New Rule Chapter 102. Complaint Process. Unanimously adopted by Board action at its February 6, 2020, meeting. Fully Implemented, with agency website content on complaint process and penalty matrix posted on agency website.13 House Bill 1535, enacted the 86th Legislative Session, included this addition as an amendment to Section 2-6 of The Securities Act, see Sunset Advisory Commission Statutory Change 2.2 - Complaint Information.14 13 Rule Chapter 102 - https://texreg.sos.state.tx.us/public/readtac\$ext.ViewTAC?tac_view=4&ti=7&pt=7&ch=102&rl=Y . Complaint process - https://www.ssb.texas.gov/agency-policy-regarding-complaints . 14 https://www.ssb.texas.gov/texas-securities-act-and-board-rules/texas-securities-act/texas-securities-act-2019#Sec-2-6 .
Direct the agency to improve its tracking of complaint and case resolution timeframes and to submit a brief status report on the implementation of this recommendation to the Sunset Commission by March 15, 2019.	Fully Implemented as of March 15, 2019	From the Report ⁹ to the State Auditor's Office & Sunset Advisory Commission (page 6/12): Implementation of Commission Decision 1.6 has been bifurcated between the law enforcement and inspections and compliance programs to ensure the tracking of complaints and staff investigation timeframes for matters relating to those registered with the agency and those who are not registered but otherwise fall under the agency's jurisdiction. - Enforcement and inspection program tracking of complaints and case resolution timeframes were fully implemented as of March 15, 2019 - see generally agency Status Report, March 15, 2019.
Direct the agency to review its risk-based inspection tool at least every four years.	Fully Implemented as of March 15, 2019	From the Report ⁹ to the State Auditor's Office & Sunset Advisory Commission (page 6-7/12): The inspections program fully implemented reviews relating to risk-based inspections as of March 15, 2019 - see generally agency Status Report, March 15, 2019. Risk-based assessments for the inspections program are continuously conducted throughout the year, more frequently than the four-year cycle originally directed. The inspections program documents its prior practice of conducting risk assessments both internally and with state, federal and self-regulatory counterparts to identify emerging threats to Texas investors.

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Direct the agency to accept online submissions of applications and fees. In addition, direct the State Securities Board to develop and present a detailed plan outlining how the agency will complete this recommendation to the Sunset Commission by March 15, 2019.	Substantially Implemented ^h	<p>These adopted rules allow dealer, agent, investment adviser, and investment adviser representatives the option to electronically submit documents being submitted in paper form. Forms, payments, and fees required to be submitted electronically through Central Registration Depository (CRD)/Investment Adviser Registration Depository (IARD) systems will continue to be submitted and maintained through those systems. Before formal implementation through Board action, the electronic form submission item was fully implemented through staff action on March 15, 2019.¹⁶ A notification to applicants was posted to the agency website.¹⁷</p> <p>16 CRD/IARD - https://www.nasaa.org/industry-resources/crd-iard/.</p> <p>17 https://www.ssb.texas.gov/notification-applicants.</p> <p>The online acceptance of the fees component of this management action item is not under implementation at this time. The agency received a cost quote of \$225,001.60 for implementation of electronic fee receipt. Based upon fiscal year 2017 figures, 246,000+ registrants already pay required fees electronically through CRD/IARD systems maintained at no cost to the agency or state. Only 113 applications and fees were submitted directly to the agency (on average over fiscal 2016 - 2018). The agency has advised Governor Abbott's office of its intention to seek further guidance as to this component of the recommendation given cost and limited benefit to the registered population. The third-party vendor responsible for the fee pay framework also indicated the framework is under redevelopment and the new framework would decrease cost. It should be noted the cost component of the online fee acceptance recommendation was not available to staff or the Sunset Advisory Commission at the time of the recommendation.</p>
Direct the agency to remove the notarization requirements on its forms by March 15, 2019.	Fully Implemented as of October 22, 2019	Fully implemented through rule waiver process and formally adopted by Board action on October 22, 2019.
State Office of Risk Management (SORM)		
Direct SORM to develop detailed contract management policies and procedures.	Incomplete/Ongoing	Seeking stakeholder input to ensure policies and procedures in the CM Handbook are workable and fit agency contract management philosophy.
Direct SORM to include detailed, actionable performance measures in contracts.	Fully Implemented ⁱ (Implementation dates varied depending on contract.)	SORM will continue to include detailed, actionable performance measures in all future contracts.
Direct SORM to monitor its contracts more regularly and more closely to ensure proper performance.	Fully Implemented ⁱ (Ongoing monitoring.)	Staff has created a vendor performance evaluation tool for each medical cost containment vendor to collect feedback from business owners. Staff maintains a log to track performance.
Direct SORM to develop and require regular training for staff involved in the contracting process to effectively monitor contracts.	Fully Implemented during Spring 2020	Responsible staff will continue to update training as needed.
Direct SORM to include detailed enforcement measures in contracts and apply enforcement tools consistently across contractors.	Fully Implemented ⁱ (Implementation dates varied depending on contract.)	SORM will continue to include enforcement measures in contracts.

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Management Action	Self-reported Implementation Status	Entity Comments
Direct SORM to maximize opportunities to use OAG's contract procurement and management expertise.	Fully Implemented ⁱ (Implementation dates varied depending on purchase.)	The OAG [Office of the Attorney General] assumes the lead role once SORM prepares a solicitation document. The OAG ensured the exemplar contract in the 2020 RFP [Request for Proposal] for medical cost containment services was submitted for CAT [Contract Advisory Team] review prior to posting the RFP on ESBD [Electronic State Business Daily]. SORM and the OAG prepared responses to the CAT recommendations and SORM modified the exemplar contract to incorporate applicable recommendations. The OAG provided similar assistance in 2020 for SORM's RFO [Request for Order] for a risk management information system.
Direct SORM to evaluate and adjust its workers' compensation healthcare network contract to obtain best value for the state, including providing adequate coverage for injured state employees.	Fully Implemented as of January 9, 2020	
Direct SORM to evaluate the agency's medical bill quality assurance strategy and make any needed improvements to maximize cost savings.	Fully Implemented as of January 9, 2020	Office primarily uses fee schedules based on Medicare. Includes "lesser of" language. Negotiates with provider as necessary.
Direct SORM to include additional information in its cost containment reports to better demonstrate the agency's performance, including the impact of telemedicine as a cost containment measure and information on healthcare network utilization by provider type.	Substantially Implemented	
Direct SORM to provide additional information and resources regarding return-to-work [RTW] programs.	Incomplete/Ongoing	RTW services available via 2020 MCCS [Medical Cost Containment Services] ancillary contracts. Process of RTW implemented, need to develop standard forms.
Direct SORM to collect and report lost-time outcomes and return-to-work information as currently required by statute, and do not authorize the agency to consider requesting the Legislature to remove the reporting requirement.	Incomplete/Ongoing	Ability to collect RTW data will be in place after Origami (cloud based RMIS [Risk Management Information System] system) implementation.
Direct SORM to use existing data to determine state entity risk levels and needs, and to prioritize resources and requirements by risk.	Substantially Implemented	Risk Matrix developed and agencies assigned risk. Pending final proposal for EC [Executive Council] approval to implement risk-based RMPR [Risk Management Program Review]/OSC [On-site Consultation] schedule.
Direct SORM to develop and use a standard assessment tool to focus on key areas of risk during site visits.	Substantially Implemented	Using A.M. Best assessment tool with tailoring to SORM needs. Further and ongoing refinement expected with risk management guideline review and development for FY21. [Fiscal Year 2021].
Direct SORM to regularly solicit and use customer input to better tailor risk management services and resources.	Substantially Implemented	Prior to site-visit, each client is asked what they need from SORM. Post-visit evaluation requested. Standing and ad hoc advisory councils established, as required.
Direct SORM to develop objective tools to help state entities determine whether to transfer risk through purchasing insurance.	Incomplete/Ongoing	Objective tools under development. Further and ongoing refinement expected with risk management guideline review and development for FY21.

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Direct SORM to provide state entities with easy-to-use materials and templates for continuity planning.	Incomplete/Ongoing	New materials/templates under development. Further and ongoing refinement expected with risk management guideline review and development for FY21.
Direct SORM to strengthen oversight by updating its board regularly on identified problems and improvements.	Fully Implemented as of January 1, 2020	Board meets quarterly & updates provided at each meeting. New agency operations report (AOR) developed. Communications protocols with board chair established for interim updates.
Direct SORM to include the accuracy of the healthcare network provider directory as a performance measure in the healthcare network contract, and to regularly evaluate the accuracy of the provider directory as part of the agency's enhanced contract monitoring.	Fully Implemented as of January 9, 2020	SORM will continue to evaluate accuracy of provider directory as part of its contract monitoring process.
Direct SORM to study the feasibility of contracting with a second healthcare network to expand coverage to areas of the state not covered in the agency's primary healthcare network and include this information in the agency's report to the 87th Legislature.	Substantially Implemented	SORM has reviewed data & drawn conclusions based on the total number of workers' compensation claims in network and [out-of]-network.
Texas Division of Emergency Management(Texas A&M University System)		
Direct DPS [Department of Public Safety] to better coordinate the State of Texas Emergency Assistance Registry [STEAR] and provide greater guidance to local jurisdictions to ensure the safety of vulnerable Texans during natural disasters.	Fully Implemented as of July 1, 2013	The STEAR Program to include registry was fully implemented in 2013 when it transitioned from the legacy Transportation Assistance Registry (TAR). A new and improved registry was developed and implemented in January 2018. A dedicated STEAR Coordinator position was created to oversee and coordinate the program in January 2019. Coordinator hired in March 2019.
Texas Medical Board (TMB)		
For a site visit the Texas Medical Board makes as part of an investigation or inspection, require the Medical Board to establish practices that preclude the use of DEA [Drug Enforcement Administration] personnel, or any peace officer whose primary assignment is drug enforcement, as security personnel.	Fully Implemented as of July 10, 2018	TMB may use white collar investigators for security purposes.
Direct internal staff to create a central location to receive and review complaints made about the Texas Medical Board, and report regularly to the board these complaints and their status.	Substantially Implemented	There is a centralized place on the TMB website for staff to receive complaints against the agency. Each complaint is conveyed to the TMB General Counsel for review and formal response. While these complaints are currently informally reported to the Board president, Board staff is working to make a summary of these complaints and their status available to all board members prior to each board meeting.
Veterans Commission (TVC)		
Direct TVC to survey Texas veterans on a regular basis about their experience with agency programs and overall needs.	Fully Implemented as of January 1, 2019	TVC Communications Department coordinates with all Programs to ensure that all surveys are created, distributed, and tracked in a uniformed process. The new and improved uniformed survey is live, data from these surveys is available for management analyze and improve overall service and efficiency of TVC services. The survey is available on the TVC website and distributed to veterans when they are provided services from TVC Staff.

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Direct TVC to create a complaint process, make the complaint process accessible to the public, and track complaint data.	Fully Implemented as of January 1, 2019	TVC Complaint process is in place and is available on the TVC website. Complaints are tracked and recorded from the receipt of the complaint until its resolution. Data from the complaints is used to improve the quality of service to the public.
Direct TVC to temporarily report on claims staffing and outcome data analyses.	Fully Implemented as of January 1, 2019	The first report on staffing outcome and data analysis was completed in 2019 and is on the TVC's website. Data is being collected for the next report, which is due in January 2021.
Direct TVC to strengthen support for claims staff and preserve institutional knowledge.	Fully Implemented as of January 1, 2019	A detailed Standard Operating Procedures (SOP) document for the program is in place. A succession plan was developed which includes the duties and responsibilities of each management position as well as a record of the training for each of the identified positions and their designated successors as well as Strike Force staff duties and responsibilities.
Direct TVC to add information to its website about the claims process, including forms, checklists, basic claims information, and embedded VA [Veterans Affairs] resources.	Fully Implemented as of January 1, 2019	The TVC website now has a claims checklist as well as required forms and information regarding each step of the disability claims process. Detailed information on the overall claim's submission process as well as links to the VA website are on the claims section of the TVC Website.
Direct TVC to allow veterans to schedule appointments for claims counseling, while maintaining the option for walk-in services. Also, direct the agency to use teleconference or other alternative technologies to assist Texas veterans when the veteran does not need to be physically present in the office for assistance.	Fully Implemented as of January 1, 2019	Appointments have been integrated into the Claims Program. Data regarding the amount of appointments made by veterans as well as the number of no-shows is being captured quarterly for analysis. Tele-appointments are currently being done as part of TVC's remote service due to COVID -19 restrictions. Microsoft Bookings software has been added as a tool to allow Veterans to make appointments online through the TVC website.
Direct TVC to extend the length of its grant cycle from one to two years.	Fully Implemented as of January 1, 2019	The TVC Fund for Veterans Assistance has initiated an additional one year extension opportunity for grantees that wish to have a two-year grant as long as they meet 3rd QTR performance and expenditure Benchmarks (per TAC [Texas Administrative Code] §460.2) and have no unresolved program compliance issues identified during the first 3 quarters.
Direct the agency to formalize the roles and training of the commission and the grants advisory committee to improve quality and transparency in the evaluation process.	Fully Implemented as of January 1, 2019	Training for the Staff and Advisory Committee was conducted on October 30, 2019 and January 29, 2020 the training was conducted in an open meeting and was posted on the Texas Register. Training materials and participation rosters have been documented and archived. Additional Training is planned for October 2020. Training for the Commissioners was conducted in November 2019.
Direct TVC to develop and track enhanced grantee performance measures to better evaluate the benefit of its grant funding to veterans.	Fully Implemented as of January 1, 2019	Performance measures are currently in place and evaluated by FVA [Fund for Veterans Assistance] compliance officers to ensure that grantees are meeting the requirements of the grant delivery. New internal performance measures are being implemented to ensure that Veterans are receiving quality service from the grantees. The data collected from the new internal performance measures will be used to create new key measures for consideration by the Commission for the next biennium.
Direct TVC to restructure and streamline the scope and expense of its annual conference.	Fully Implemented as of January 1, 2019	A restructure of the Annual Conference was initiated in 2018 to smaller regional training. An analysis is being conducted to further streamline the process for effectiveness and cost savings for future training events. Due to COVID 19 all training is being conducted online.
Direct TVC to track and analyze detailed training costs to identify potential savings and improvements.	Fully Implemented as of January 1, 2019	The Training and Events Manager has worked with the TVC Finance Team to analyze training costs for additional savings and cost effectiveness. Claims Fall Training costs were analyzed, all travel and training costs have been paid with a total cost of \$73,090.76. This is a significant reduction in cost to the prior year's training. With the increased usage of online training content, there should be a significant downward trend in training cost in FY2021 Training. All

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions		
Management Action	Self-reported Implementation Status	Entity Comments
		training costs are now tracked and analyzed for additional cost savings and improvements.
Direct TVC to prioritize online training and other cost-effective tools to facilitate regular collaboration among staff and partners.	Fully Implemented as of January 1, 2019	Online training has been implemented Agency-wide through a Learning Management System. An analysis of the usage and effectiveness is being conducted to further improve the content and increase the usage of online training. COVID 19 has temporarily made all training online, this will further enhance the capabilities and efficiency of TVC online training.
The commission should implement requirements for encouraging purchasing from historically underutilized businesses.	Fully Implemented as of January 1, 2019	Hub Policy and Mentor Policy and Subcontractor Policy are in place on TVC's website. The TVC Website makes available to the public the Agency's hub utilization rate as well as TVC's Commitment to utilize HUB's whenever possible.
Direct the agency to create and provide grant-writing training for veterans county service officers (VCSOs) either through online or in-person training.	Fully Implemented as of November 1, 2019	FVA has offered training to VCSO's for the grant application process. To date, 3 webinars have been attended by over 25 county VCSO's. In addition, FVA staff attends CJCC conferences, and have distributed over 50 training packets to County Leaders to encourage VCSO grant applications.
Veterans Land Board (VLB) (General Land Office)(GLO)		
Direct VLB and GLO staff to work together to develop and require regular training for staff involved in the VLB contracting process to effectively monitor contracts.	Fully Implemented as of August 31, 2020	<p>Contract Management: Implementation for this recommendation is a team effort between the Contract Management Division (CMD), the Office of General Counsel, Financial Management and Human Resources. CMD alone does not have the authority to require Project Management training across the agency. Between the three divisions, a team has been formed to develop an overall plan for Project Management Training. The team last met on January 10, 2020, and decided to implement the following:</p> <ol style="list-style-type: none"> 1. A list of Project Managers, by division, will be generated and sent to the Program Areas for verification. 2. Project Managers will be required to attend four hours of Project Management specific training per year. This is in addition to the 12 hours of required training the GLO currently requires. 3. CMD, Financial Management, and Procurement will be responsible for each creating one hour of training related to Project Management. The fourth hour will be developed by Human Resources and will be General Project Management training. <p>Implementation Date: 8/31/2020</p> <p>Land and Housing: VLB Land and Housing program project manager and program Director will participate in the training developed by the GLO contract management division when it is scheduled by the contract monitoring team. In the meantime, the Program Manager for the VLB Land and Housing program is scheduled to attend Certified Texas Contract Manager training provided by the Comptroller office January 14-15, 2020.</p> <p>Implementation Date: 1/1/2020</p> <p>Texas State Veterans Homes: The Texas State Veterans Homes division maintains two staff members who are CTCM certified and Participate in regular continuing education units.</p> <p>Implementation Date: 01/02/2020</p> <p>Texas State Cemeteries: Texas State Veterans Cemeteries (TSVC) staff will consult with the GLO Contract Management division to assess training needs and identify available training resources for TSVC staff. The TSVC program will utilize identified training resources that are aligned with the responsibilities of assigned project managers to ensure effective contract monitoring and/or oversight. Additionally, TSVC staff will develop formal program-level training policies and/or guidelines to ensure compliance with the stated objectives.</p> <p>Implementation Date: 5/1/2020</p>

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions

Management Action	Self-reported Implementation Status	Entity Comments
Direct VLB to work with GLO to further develop written policies outlining clear authority over the board's contracting functions, including the roles of project management and other program staff.	Fully Implemented as of September 1, 2020	<p>VLB Policies on the (1) Review and Approval of Major Contracts and (2) Contract Management Monitoring Compliance and Training were considered and approved at the January 23, 2020 Board meeting.</p> <p>Land and Housing: The program has developed written policies for the program area contract monitoring process. These procedures were developed with input from contract management and are effective 10/8/2019.</p> <p>Texas State Veterans Homes [TSVH]: The Deputy Director and Program Administrator are the Project Managers for the TSVH program. Each area of contract deliverables has a staff member to review compliance of the contract, i.e. Operations, Nursing, Financial, Construction Services, and Pharmacy. Each staff member generates a report based on specific checklist/monitoring tools of their findings which are reported to the appropriate authority. The Contract Monitoring tool is the master document that records operational compliance and deliverables.</p> <p>Implementation Date: 1/2/2020</p> <p>Texas State Cemeteries: Texas State Veterans Cemeteries (TSVC) staff will consult with the Contract Management Division and General Counsel (GC) to ensure clearly defined roles and responsibilities of project managers and program staff are in place. The TSVC will coordinate with CMD and GC prior to drafting a policy to ensure the program area effectively addresses the process for communicating significant changes or amendments to the Board.</p> <p>Implementation Date: 9/2020</p>
Direct VLB and GLO to develop a framework for program staff to identify significant contract compliance issues and a clear process for requiring the reporting and documenting these issues for review.	Fully Implemented as of September 1, 2020	<p>Land and Housing: VLB Land and Housing program has developed written policies for the program area contract monitoring process. These procedures include processes for reporting compliance issues.</p> <p>Implementation Date 1/31/2020</p> <p>Texas State Veterans Homes: The Policy & Procedure for the TSVH contract monitoring tool identifies overall non-contract compliance with the contracted operators. The P&P also requires the Deputy to provide repeated non-compliance written notice to VLB Legal and Executive Management depending on the level of non-compliance.</p> <p>Implementation Date 1/31/2020</p> <p>Texas State Cemeteries: Staff will develop clear processes for identifying and reporting compliance issues to appropriate agency staff. TSVC staff will ensure the inclusion of comprehensive procedures to "actively" track and maintain a record of identified compliance issues until resolution. This information will be made immediately available to applicable staff and will be fully accessible to both VLB and GLO contract management staff. TSVC staff will also work with GC to ensure any monitoring and tracking processes implemented are aligned with the stated objectives and intent.</p> <p>Implementation Date: 9/2020</p>
Direct VLB to develop and adopt written policies establishing criteria for all levels of contract review, including board review of contracts over \$1 million. Additionally, direct VLB to receive briefings from the GLO director of contract management at least once a year regarding the status of all contracts under \$1 million.	Fully Implemented as of August 31, 2020	<p>VLB Policies on the (1) Review and Approval of Major Contracts and (2) Contract Management Monitoring Compliance and Training were considered and approved at the January 23, 2020 Board meeting.</p> <p>Land and Housing: VLB Land and Housing program has developed written policies for the program area contract monitoring process. These procedures include processes for reporting compliance issues. The Project Manager shall maintain a contract compliance report to monitor and document any compliance issues for all VLB Land and Housing Contracts in accordance with the contract compliance and resolution processes as outlined in each contractual instrument.</p> <p>Implementation Date: 8/31/2020</p> <p>Texas State Veterans Homes: The Policy & Procedure for the TSVH contract monitoring tool identifies overall noncontract compliance with the contracted</p>

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions		
Management Action	Self-reported Implementation Status	Entity Comments
		<p>operators. The P&P also requires the Deputy to provide repeated non-compliance written notice to VLB Legal and Executive Management depending on the level of noncompliance.</p> <p>Implementation Date: 1/2/2020</p> <p>Texas State Cemeteries: Texas State Veterans Cemeteries (TSVC) staff will develop clear processes for identifying and reporting compliance issues to appropriate agency staff. TSVC staff will ensure the inclusion of comprehensive procedures to "actively" track and maintain a record of identified compliance issues until resolution. This information will be made immediately available to applicable staff and will be fully accessible to both VLB and GLO contract management staff. TSVC staff will also work with GC to ensure any monitoring and tracking processes implemented are aligned with the stated objectives and intent.</p> <p>Implementation Date: 5/1/2020</p>
Direct VLB to ensure stakeholders have access to board information and the public has an opportunity to appear before the board by May 1, 2019.	Fully Implemented during fiscal year 2020	GLO has updated the VLB's webpage to provide an overview of the VLB's roles and responsibilities. The webpage also notes that Board meetings are held on a quarterly basis that are open to the public. The webpage lists the upcoming meeting date, time, and location and provides for a link to the live webcast of the meetings made available to the public. Additionally, it provides for instructions for where to view Board meeting agendas, which are "posted in the Texas Register and can be accessed via the Texas Secretary of State website". The website states that agendas must be posted seven working days prior to a Board meeting. Public comment will be added to future VLB meetings, in which the public will be given the opportunity to speak if needed.
Direct VLB to track complaint data and make the complaint process accessible to the public by March 15, 2019.	Fully Implemented during fiscal year 2020	The VLB has made available a "Compliments & Complaints" button located on the "Contact VLB" page of the VLB website where the public has an opportunity to file a complaint. The button redirects users to GLO's main website's Compliments/Complaints form, where they have opportunity to file a complaint electronically. Also, on the "Contact VLB" webpage are instructions on submitting anonymous complaints via the agency Fraud hotline. Once a complaint is submitted through GLO's online form it will automatically be input into GLO's master complaint tracker. Received complaints are auto generated into email once the form is submitted. All complaints received through this process to HR on a monthly basis. When a VLB-related complaint is received via the GLO's online compliment/complaints form, an email is sent to the VLB Deputy Director subject of the complaint and request a response within 5 days. After receiving a response from the VLB, complaint information is sent to the LBB within 10 days of receipt.
Windstorm Insurance Association (TWIA)		
Direct TWIA to establish and submit to the commissioner of insurance separate insurance agent commission rates for new applications and automatic renewals, but only after TWIA has implemented Recommendations 2.1, 2.2, 2.3, and 2.5.	Incomplete/Ongoing	TWIA has implemented the four dependent recommendations (2.1, 2.2, 2.3, and 2.5). Staff intends to collect agent feedback and data on the utilization of the new payment methods by policyholders for a reasonable period following implementation to make a report to the Board regarding the efficacy of the four new processes. This data will be necessary for the Board of Directors to make an informed recommendation to the Commissioner regarding separate commission rates for new and renewal business.
Direct TWIA to directly bill customers for premiums for automatic renewal by January 1, 2020.	Fully Implemented as of January 1, 2020	TWIA implemented Recommendation 2.5 on January 1, 2020. The direct bill option applied to policy renewal offer packages mailed on January 1, 2020.
Direct TWIA to track and report more comprehensive information regarding claims handling performance.	Substantially Implemented	TWIA has implemented more comprehensive information to track and report claim handling performance, including claim status, payments, and disputes, and continues to refine this reporting in response to claim generating events.

Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions

Management Action	Self-reported Implementation Status	Entity Comments
Direct TWIA to develop a post-hurricane communication plan with more input from stakeholders.	Substantially Implemented	TWIA is in various stages of completion of several efforts to gather and integrate stakeholder input into our catastrophe response communications plan, including: improving the clarity and readability of claims process communications, creating a policyholder experience group, adding additional offline advertising to reach policyholders in impacted areas, and incorporating feedback from stakeholders regarding our response to hurricanes during the 2020 and prior storm seasons.
Direct TWIA to fully implement a risk-based approach to monitoring insurance adjusters.	Fully Implemented as of May 31, 2019	TWIA developed and implemented a quality assurance process to monitor insurance adjusters which is documented in the Association's Catastrophe Incident Response Plan.
Direct TWIA to make the assumptions used and results of anticipated loss modeling available on its website and in the board materials before consideration of any rate changes or purchases of reinsurance.	Substantially Implemented	TWIA first made the model assumptions and results related to rate analysis available on our website and provided it to the Board of Directors on July 22, 2019, two weeks ahead of the Board's August meeting in which it considered the Association's annual rate filing. Updated information for the Board's 2020 rate filing decision was posted on TWIA's website on July 21, 2020. The assumptions and model results underlying our reinsurance purchase were included in the Board materials posted on the website immediately before the February 2020 Board meeting. The Association will continue to provide this information in Board materials and plans to post it to the website in advance of the annual reinsurance purchase on a going forward basis beginning in 2021.

^a The Texas Board of Professional Engineers and Land Surveyors (TBPELS) originally reported this management action as Fully Implemented. In October 2020, TBPELS provided new responses for this management action, updating the implementation status to Not Implemented.

^b Auditors confirmed only that effective September 1, 2019, the Board of Professional Land Surveying and the Board of Professional Engineers were combined to form the Board of Professional Engineers and Land Surveyors.

^c The Department of Motor Vehicles originally reported this management action as Substantially Implemented. The Department of Motor Vehicles later provided new responses for this management action, updating the implementation status to Fully Implemented.

^d The Department of Public Safety (DPS) originally reported this management action as Substantially Implemented. In December 2020, DPS provided new responses for this management action, updating the implementation status to Fully Implemented.

^e The Finance Commission of Texas originally reported this management action as Substantially Implemented. The Finance Commission later provided responses for this management action, updating the status of this management action to Fully Implemented.

^f The School Land Board (SLB) originally reported this management action as Fully Implemented. After auditors began testing the implementation status of this recommendation, SLB provided new responses for this management action, updating the implementation status of this management action to Incomplete/Ongoing.

^g The Securities Board prepared a *Report to the State Auditor's Office & Sunset Advisory Commission* dated September 21, 2020, to supplement the implementation statuses of management action items and to provide information for the SAO's implementation assessment.

^h The Securities Board originally reported this management action as Fully Implemented/Not Implemented before providing a new response and updating the implementation status to Substantially Implemented.

ⁱ The State Office of Risk Management stated that implementation dates "varied depending on contract" or "varied depending on purchase," or that implementation was "ongoing monitoring." Therefore, a specific implementation date was not entered.

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B.

**Department of Savings and
Mortgage Lending**

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B. Department of Savings and Mortgage Lending

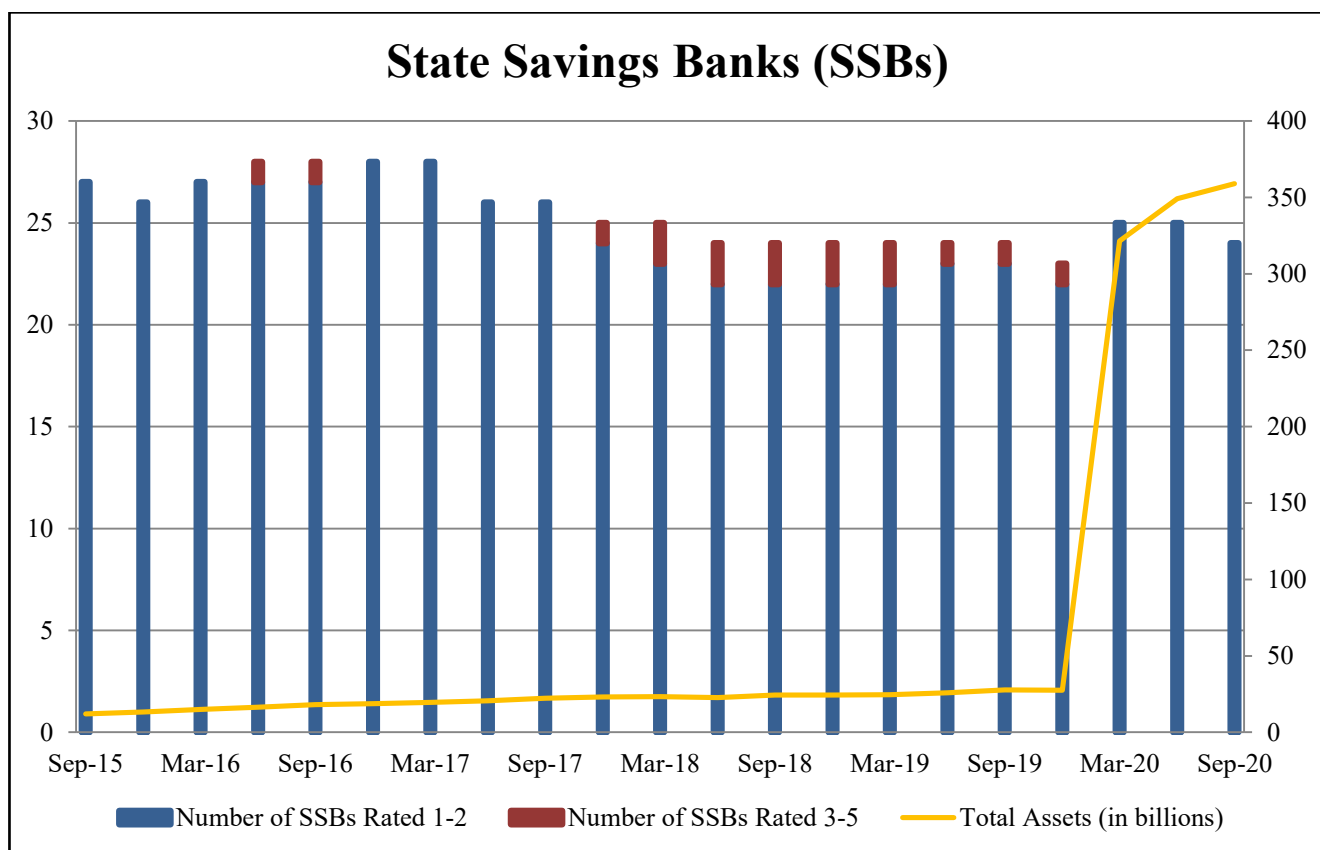
1. **Industry Status and Departmental Operations:** a) Thrift Regulation Division Activities; b) Mortgage Regulation Division Activities; c) Operations Division Activities; d) Legal Division Activities, including Consumer Complaints and Gift Reporting; and e) Legislative Activities

a) Thrift Regulation Division Activities

Industry Status

The Department continues to monitor various local, state, and national data sources in order to best understand the risks facing the industry and individual savings banks.

The Department conducts bank examinations to ensure confidence in the banking system using the Uniform Financial Institutions Rating System (UFIRS). Banks with a UFIRS rating of 1 or 2 are considered well rated. The industry remains sound with all banks well rated.



All SSBs are subject to quarterly offsite reviews. Those with the highest risk profiles receive enhanced scrutiny, as warranted, with targeted visitations, accelerated examinations, and/or corrective actions.

Thrift Examination Activity Report

Thrift examinations continue to be conducted off-site due to COVID and remain on schedule.

Thrift Supervision Activity Report

Thrift Supervision continues to receive and process various requests for approval, including branch, subsidiary, holding company applications, and loan production offices.

On January 15, 2021, the application to charter Capital Mortgage Bank, SSB and a merger application of Bison State Bank, Bison, Kansas into Capital Mortgage Bank, SSB were withdrawn.

Outreach and Training

Financial Examiner Jose Villa attended Introduction in Examinations school virtually January 4-15, 2021.

b) Mortgage Regulation Division Activities

Industry Status

License/Registration Type	Approved Count as of		% Change
	8/31/2020	11/30/2020	
Mortgage Banker	413	417	1%
Mortgage Company	1,639	1,695	3%
Residential Mortgage Loan Servicer	207	214	3%
Independent Contractor Company	195	210	8%
Credit Union Subsidiary Organization	3	3	0%
Auxiliary Mortgage Loan Activity Company	3	3	0%
Financial Services Company	1	0	-100%
<i>Subtotal Entity Licenses</i>	<i>2,461</i>	<i>2,542</i>	<i>3%</i>
Mortgage Banker Branches	3,246	3,347	3%
Mortgage Company Branches	902	955	4%
Credit Union Subsidiary Organization Branches	2	2	0%
<i>Subtotal Branch Licenses</i>	<i>4,150</i>	<i>4,304</i>	<i>4%</i>
Mortgage Loan Originator	32,238	34,416	7%
<i>Subtotal Individual Licenses</i>	<i>32,238</i>	<i>34,416</i>	<i>7%</i>
Total Count of Licenses/Registrations	38,849	41,262	6%

As of January 31, 2021, the number of entities/branches and individuals increased by 12% and 25%, respectively, when compared to January 31, 2020.

Licensing Activity Report

At the end of the renewal period, December 31, 2020, there were 3,786 individuals, 227 entities and 152 branches that failed to renew.

The Department is currently in the reinstatement period which runs from January 1 through February 28, 2021, which allows licensees that did not renew timely the ability to request reinstatement for calendar year 2021. If the entity or individual did not renew timely, their license status went to "Terminated-Failed to Renew" which prevents them from originating until the

renewal is completed. Companies or individuals that fail to reinstate before February 28th will have to restart the application process.

Mortgage Examination Activity Report

During the first quarter of fiscal year 2021, the Department conducted a total of 114 examinations covering 1,670 individual licensees. The number of examinations is slightly lower when compared to the same reporting period in fiscal year 2020 while the number of individual licensees covered increased by 9.5%. The examinations are continuing to identify various degrees of unauthorized activity and the issuance on non-compliant conditional qualification/conditional approval letters.

Other Activity

The Mortgage Division has been accredited by AARMR/CSBS since 2011. The Department is preparing for the reaccreditation process, which will begin in May 2021.

c) Operations Division Activities

Risk Management

The Department continues to be fully functional, despite COVID-19. Austin office presence is at no more than 50% in the office at any given time. Hygienic supplies are provided in the office and all necessary precautions are adhered to. All office staff is equipped to work remotely.

After an employee, who was present at the Austin office, tested positive for the virus, the Department's premises and all common areas, stairwell, and elevators received professional COVID-19 electrostatic sanitation cleaning. SML staff that were present in the office on the same day were required to quarantine and get tested. All test results were negative.

Mortgage and thrift examinations field staff continues to perform only off-site activities.

Director Antov and Information Resources staff continue to assist all employees as needed to ensure that teleworking is effective and efficient.

The management team continues to maintain regular communication with staff and to stay informed in order to prepare for further development of the COVID situation.

Accounting, Budget, and Financial Reporting

Staff has closed out the first quarter of fiscal year 2021. The reports are located elsewhere in the packet.

As a self-directed semi-independent agency, the Department of Savings and Mortgage Lending submitted financial information regarding the funds held outside the state treasury, required under Texas Government Code, Section 403.011, and Texas Finance Code, Chapter 16, to the Texas Comptroller of Public Accounts.

In compliance with the Texas Government Code, Section 2101.0112 the Department submitted the Annual Report of Nonfinancial Data for the year ended August 31, 2020, to the Governor's Office, State Auditor's Office and the Legislative Budget Board.

CAPPS Implementation – Staff participates in weekly prototyping sessions related to each CAPPS Financials Module. During these sessions, the Comptroller's office CAPPS teams and Department's

staff discuss and determine the agency module configurations. The prototyping phase is scheduled to be completed up at the end of February.

In addition to the module meetings, Director Antov participates in biweekly CAPPS project management meetings.

The CAPPS training program kick-off meeting was held on February 1, 2021, during which the CAPPS Deployment Train-the-Trainer (TTT) Program was reviewed.

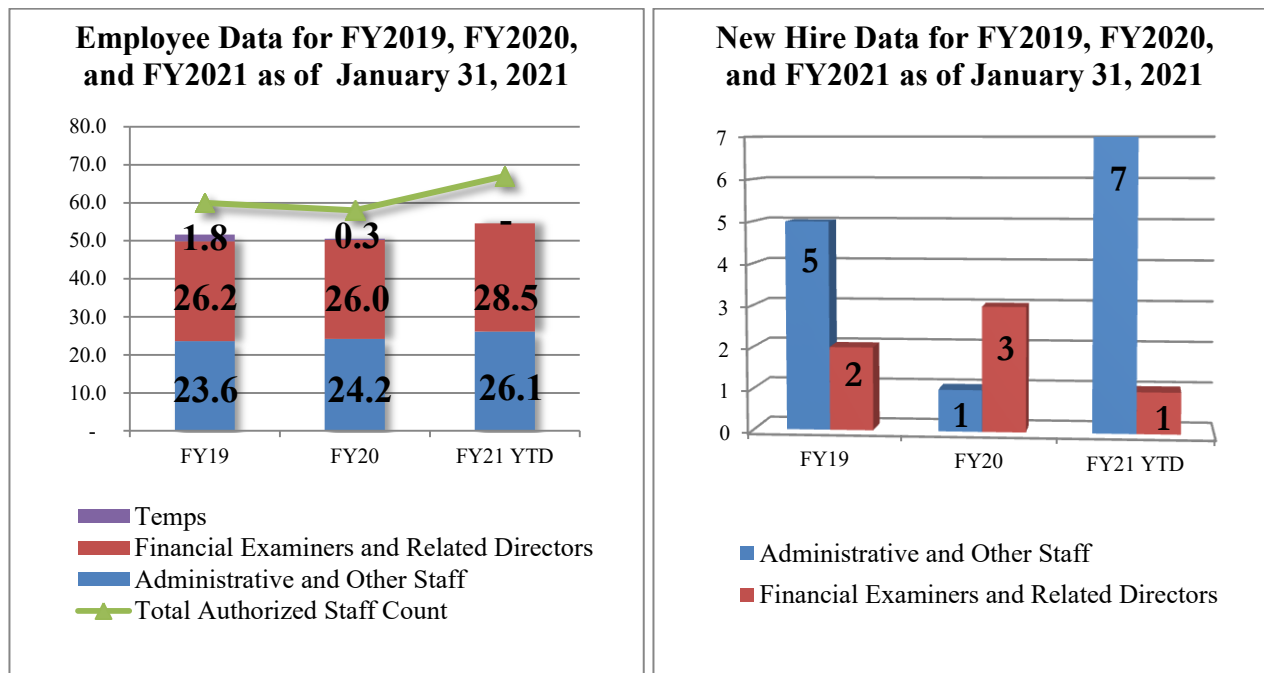
Human Resources

As of January 31, 2021, the Department was staffed at 55 regular full-time and 1 part-time employees. During the month of December, two Administrative Assistants joined the Department. Two separations occurred during the same month – one Administrative Assistant and one Financial Examiner.

Below is the status of the Department's vacancies:

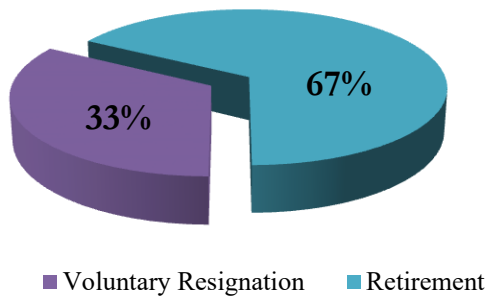
Vacancy Status	
Financial Examiner V – Thrift - 2	Collecting and reviewing applications, interviewing
Financial Examiner VI/VII – Thrift - 3	
Investigator II/III – 2	
Investigator IV/V	Collecting applications
License and Permit Specialist I/II - 2	

Staffing charts as of January 31, 2021



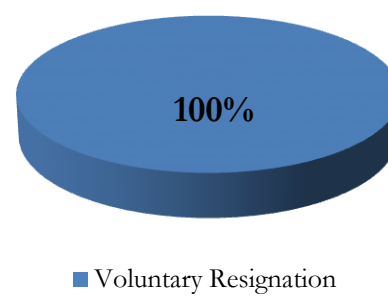
**Turnover Agencywide FY2021
as of January 31, 2021**

3 total - 2 retirements and 1 voluntary resignation



**Turnover Financial Examiners FY2021
as of January 31, 2021**

1 total - 1 voluntary resignation



Performance Measures

**Department of Savings and Mortgage Lending
Actual Performance for Output Measures**

Type/Strategy/Measure	2020 Target	2020 Actual	2020 YTD	Percent of Annual Target
Output Measures-Key				
1-1-1 Thrift Safety and Soundness				
1. Number of State Chartered Savings Institution Examinations Performed				
Quarter 1	16	4	4	25.00%
2-1-1 Mortgage Regulation				
1. Number of Applications Processed				
Quarter 1	8,600	2,317	2,317	26.94%
2. Number of Licensees Examined				
Quarter 1	5,900	1,670	1,670	28.31%
3-1-1 Consumer Responsiveness				
1. Number of Complaints Closed				
Quarter 1	1,000	253	253	25.30%

d) Legal Division Activities, including Consumer Complaints and Gift Reporting

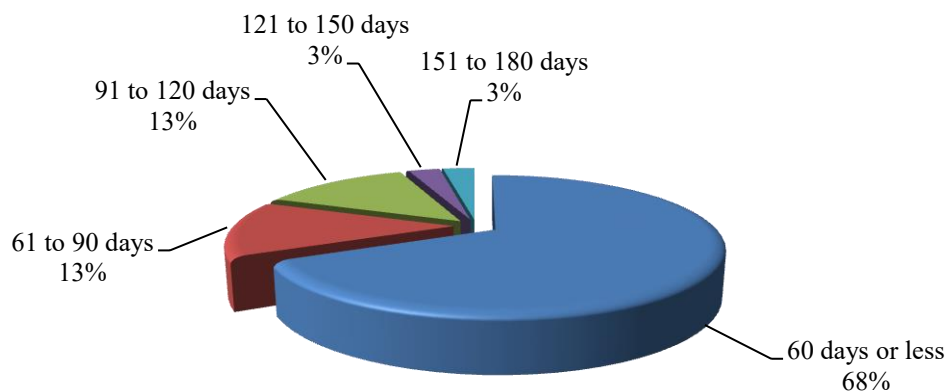
Consumer Complaints Activity Report

The following charts reflect the consumer complaint information through the end of the first quarter of FY21.

The aging of the open complaints remains within the target range with no open complaints over 180 days. Open complaint aging has remained within acceptable ranges with 81% being aged less than 90 days.

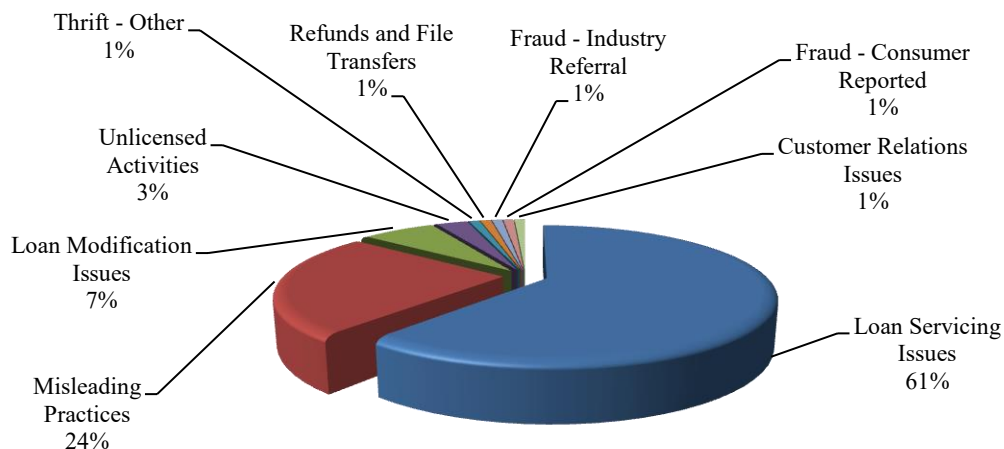
Aging of Open Complaints as of November 30, 2020

Total open complaints as of November 30, 2020 = 106



Nature of Open Complaints as of November 30, 2020

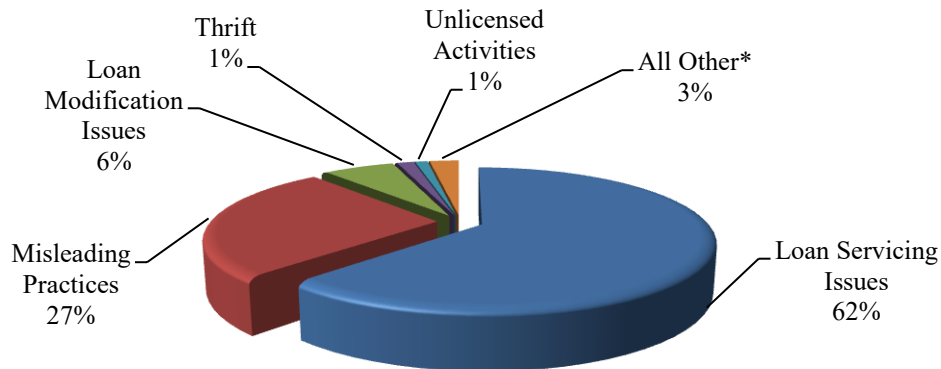
Total open complaints as of November 30, 2020 = 106



Loan Servicing complaints continue to be the largest complaint category accounting for 62% of the total number of complaints received in the first quarter of FY21. This represents a 5% decrease when compared to the same reporting period in FY20. The total number of complaints received in the first quarter of FY21 increased 2% when compared to the same reporting period in FY20.

Nature of Complaints Received - 1st Qtr FY2021

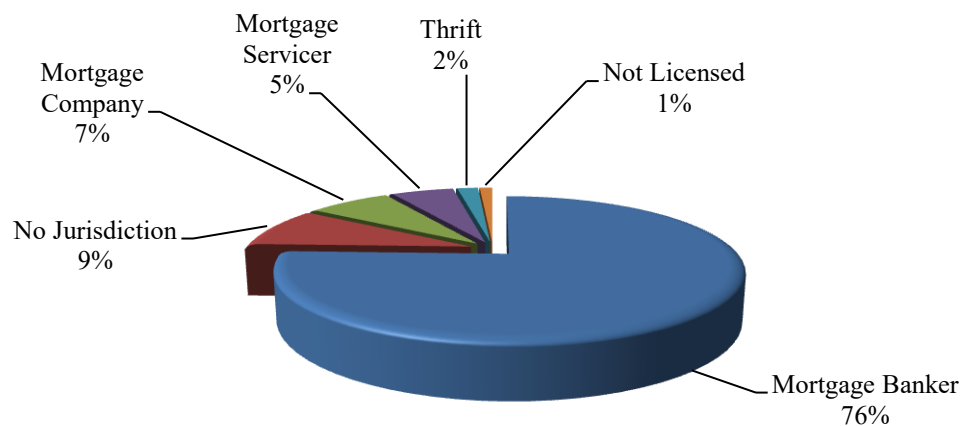
Total Complaints received in 1st Qtr of FY2021 = 279



* The "All Other" Category includes: Permissible Charges/Fees, Customer Relations Issues, Refunds and File Transfers, Improper Advertising, Fraud - Industry Referral,

Complaints Received by Respondent Type - 1st Qtr FY 2021

Total Complaints received in 1st Qtr of Fiscal Year 2021 = 279



The average number of days to close a servicing complaint file in the first quarter of FY21 decreased 14% when compared to the same reporting period in FY20. The average number of days to close a non-servicing complaint file in the first quarter of FY21 increased 9% when compared to the same reporting period in FY20.

Closed Complaints Information by Quarter	FY2021			
Type of Complaints	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Servicing Complaints				
Average Number of Days to Close a Complaint	22.3			
Percentage of Complaints Closed Within 90 Days	95.6%			
Number of Servicing Complaints Closed	160			
Non-Servicing Complaints				
Average Number of Days to Close a Complaint	29.4			
Percentage of Complaints Closed Within 90 Days	92.5%			
Number of Non-Servicing Complaints Closed	93			
All Complaints				
Total Number of Complaints Closed	253			

Legal and Enforcement Activity Report

The number of files referred to the legal enforcement team in the first quarter of FY21 decreased 60% when compared to the same reporting period in FY20.

Enforcement Activity By Quarter	FY 2021			
Type of Action	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Agreed Order to Surrender License	0			
Agreed Order to Take Affirmative Action	0			
Agreed Order to Cease and Desist	0			
Agreed Order	1			
Advisory Letter	8			
Consent Order	0			
Final Order	1			
Letter of Reprimand	4			
Order to Cease and Desist	3			
Order to Take Affirmative Action	7			
Order of Suspension	0			
Order of Revocation	0			
Order Rescinding Previous Order	0			
Total Number of Enforcement Actions	24			

During the time period of November 1, 2020, to January 31, 2020, Commissioner Jones issued 11 enforcement orders.

In November 2020, the Department issued three orders related to violations cited during company examination audits. Of these orders, one was a formal advisory letter, one was a Letter of Reprimand, and one was an Order to Take Affirmative Action. One of these orders imposed an administrative penalty for the violations cited during the audit.

In December 2020, the Department issued four orders related to violations cited during company examination audits. Of these orders, one was a formal advisory letter which assessed an administrative penalty, two were Orders to Cease and Desist, and one was an Agreed Order to Take Affirmative Action, which imposed an administrative penalty for the violations cited during the audit. Of these orders, two have been appealed.

In November and December 2020, the Department issued four orders related to investigations. Of these orders, one was a Final Order Revoking License, one was an Agreed Order to Cease and Desist, one was an Agreed Order, and one was a Letter of Reprimand.

Recovery Fund Applications

The Department received two applications for the recovery fund subsequent to the December 11, 2020, Finance Commission Meeting, to date. One is under investigation and one has been denied.

Contested State Office of Administrative Hearings (SOAH) Cases

Case No. 450 20-4631 Department of Savings and Mortgage Lending v. Taufik Abuchaibe

The Department denied the RMLLO license application of Taufik Abuchaibe based on felony convictions involving fraud, dishonesty, breach of trust, and money laundering. On September 18, 2020, the Department filed a Motion for Summary Disposition. Mr. Abuchaibe filed a response on October 2, 2020, to which the Department filed objections on October 8, 2020. On October 15, 2020, the ALJ issued Order No. 1 Granting the Department's Motion for Summary Disposition and Canceling Hearing, closing the record and finding that there are no genuine issues of material fact, and that the Department is entitled to a decision in its favor as a matter of law. On December 2, 2020, the ALJ issued her proposal for decision recommending that the application for license be denied. On January 4, 2021, the Commissioner issued her final order adopting the ALJ's proposal for decision.

Litigation

Case No. 19-31300-HMC In Re: John Hoang Trien and Adversary No. 20-03001 State of Texas v. John Hoang Trien pending before the U.S. Bankruptcy Court for the Western District of Texas, El Paso Division

The Department sought to enforce past administrative cease and desist orders (issued for unlicensed residential loan origination and unregistered residential loan servicing activity), by enlisting the services of the Texas Attorney General's Office. The subject John Trien however filed a Chapter 11 bankruptcy proceeding. The State of Texas continued its efforts by filing an Adversary Proceeding (lawsuit within the bankruptcy) against Mr. Trien. Bankruptcy Judge Christopher Mott, on the Motion of the United States Trustee's Office, converted the Chapter 11 bankruptcy to a Chapter 7 bankruptcy. This case is now in liquidation not reorganization. In May 2020, the State of Texas filed a motion to amend its adversary complaint against Mr. Trien, which was granted by the court. Within the adversary proceeding Mr. Trien had also filed a motion to strike the amended complaint, as well as a motion for summary judgment and such motions were denied by the court during May 2020. There have been numerous discovery battles recently. Trien's deposition and several others were taken in September 2020. On November 9, 2020, the Parties participated in a mediation and have agreed to settle all matters in controversy, subject to final Division and Executive Office approval. Mr. Trien and his counsel have agreed to permanent injunctive terms; consumer damages totaling \$197,513 (\$142,513 of which will be deemed non-dischargeable); civil penalties totaling \$400,000 (\$75,000 of which will be deemed non-dischargeable); and attorneys' fees of \$150,000 (\$75,000 of which will be deemed non-dischargeable). The injunctive terms will include provisions

that prohibit Mr. Trien from originating or servicing residential mortgage loans. The draft Agreed Final Order and Permanent Injunction is pending the Defendant's review and signature.

Case No: D-1-GN-20-003919 State of Texas v. Scott Marinelli

The Department's final order assessing a penalty for unlicensed loan modification/origination activity was forwarded to the Texas Attorney General's Office and SML requested that the Bankruptcy and Collection Division of such office reduce the order to a final judgment and pursue collection efforts. On July 29, 2020, the Attorney General's Bankruptcy and Collection Division filed a lawsuit against Scott Marinelli. A return of service of the citation and petition was filed on September 17, 2020. Defendants defaulted by not filing an Answer on November 13, 2020. The Attorney General's office filed a motion for default judgment and the Final Default Judgment was entered December 9, 2020.

Case No: D-1-GN-20-004218 State of Texas v. Peter Wagner

The Department had entered into a settlement agreement, whereby Mr. Wagner was to make certain restitution payments to consumers for his unlicensed residential loan modification activity. In May 2020, Mr. Wagner defaulted on his installment payments and the Department asked the Texas Attorney General's Financial Litigation and Charitable Trusts Division to reduce the agreement to a district court judgment. The lawsuit was filed on August 12, 2020. Defendant was served and filed his answer. Discovery has been exchanged. The Attorney General's office filed a Motion for Summary Judgement which is set for hearing on March 8, 2021.

Public Information Requests

During November and December 2020, the Department received and responded to 12 public information requests. None of these requests were forwarded to the Attorney General's Office for a ruling.

Rulemaking

SML Future Rule Activity		
Rule	Rulemaking Action	Projected Date for Presentation
Chapter 80, Texas Residential Mortgage Loan Companies, Subchapter B, Licensing	Proposed repeals and new rules	April, 2021
Chapter 81, Mortgage Bankers and Residential Mortgage Loan Originators, Subchapter B, Licensing	Proposed repeals, amendments, and new rules	April, 2021

Gift Reporting

None. The Department has not received any gifts from December 11, 2020, (the date of the preceding Finance Commission meeting) to the date of the preparation of these materials.

e) Legislative Activities

The Department is tracking a total of 209 bills, 18 of which are reported to the Finance Commission weekly. As new bills are filed those with potential impact on the Department or the regulated industries are added as appropriate.

2. ***Discussion of and Possible Vote to Take Action on the Adoption of Amendments, New Rules, and Repeals in 7 TAC, Part 4, Chapter 75, Concerning Applications, Resulting from Rule Review.***

PURPOSE: The purpose of the amendments, new rules, and repeals in 7 TAC Chapter 75 is to implement changes resulting from the Department's periodic review of its rules, conducted pursuant to Government Code §2001.039.

RECOMMENDED ACTION: The Department recommends that the Finance Commission approve adoption of the amendments, new rules, and repeals, without changes to the proposed text as published in the *Texas Register*.

RECOMMENDED MOTION: I move that the Finance Commission approve adoption of the amendments, new rules, and repeals in 7 TAC Chapter 75.

ADOPTION OF AMENDMENTS, NEW RULES, AND REPEALS
7 TAC CHAPTER 75
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TITLE 7. BANKING AND SECURITIES

**PART 4. DEPARTMENT OF SAVINGS
AND MORTGAGE LENDING**

CHAPTER 75. APPLICATIONS

The Finance Commission of Texas (commission), on behalf of the Department of Savings and Mortgage Lending (department), adopts: the repeal of existing rules at 7 Texas Administrative Code (TAC) Chapter 75, Subchapter A, §§75.1 - 75.3, 75.5 - 75.7, 75.9, 75.10; Subchapter C, §§75.31, 75.34, and 75.35; Subchapter D, §§75.83 - 75.86 and 75.90; and Subchapter E, §75.121, 75.123, and §75.125; new rules at 7 TAC Chapter 75, Subchapter A, §§75.1 - 75.3, 75.6, and 75.10; Subchapter C, §75.31 and §75.35; Subchapter D, §75.83 and §75.90; Subchapter E, §75.123; and new Subchapter F, §§75.201 - 75.204; and amendments to existing rules in 7 TAC Chapter 75, Subchapter A, §75.8; Subchapter B, §§75.25 - 75.27; Subchapter C, §§75.32, 75.33, 75.36, 75.38, 75.39, and 75.41; Subchapter D, §§75.81, 75.82, 75.87 - 75.89, and 75.91; and Subchapter E, §§75.122, 75.124, 75.126, and 75.127, without changes to the text as published in the January 1, 2021 issue of the *Texas Register* (46 TexReg 20). The rules will not be republished.

Explanation of and Justification for the Rules

The existing rules under 7 TAC Chapter 75 partially implement Finance Code Subtitle C, the Texas Savings Bank Act. The adopted rules were identified during the department's periodic review of 7 TAC Chapter 75, conducted pursuant to Government Code §2001.039.

Changes Concerning Additional Offices

Finance Code §92.063 requires a savings bank to obtain the approval of the department's commissioner (commissioner) in order to establish an office other than the savings bank's home office approved under its banking charter. Existing §75.31, among other things, reasserts the requirements of Finance Code §92.063. The adopted rules repeal and replace existing §75.31. Adopted new §75.31 (repealed and replaced), at subsection (e), contains a list of activities that, when performed at a location other than the home or a branch office of a savings bank, is deemed by rule not to constitute an additional office of the savings bank requiring prior approval of the commissioner to establish. Existing §75.32, concerning Types of Additional Offices, describes specific types of additional offices other than a home or a branch office that are recognized by the commissioner and require the commissioner's prior approval to establish. Existing §75.32(a) is amended to eliminate loan production offices, administrative offices, and deposit production offices as "additional offices" for purposes of the Texas Savings Bank Act, to correspond with the activities typically performed at these offices becoming sanctioned to be performed at a location other than an approved home or branch office, as provided by new § 75.31 (repealed and replaced). Other sanctioned activities in new §75.31 (repealed and replaced) include the operation of automated or remote banking equipment (*e.g.*, ATMs), advertising, the operation of information technology equipment, participation at trade association and community events, and the provision of customer service ancillary to banking functions. Adopted new §75.31 (repealed and replaced) requires a savings

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bank seeking to permanently close an approved office to comply with the notice requirements of federal law and provide the department with a copy of such notice. Adopted new §75.31 (repealed and replaced) also clarifies that upon closure of the office, any prior approval to have opened such office is deemed revoked and a savings bank seeking to reopen such office must seek new approval in order to do so.

Changes Concerning the Selling of Assets

Under existing §75.81, concerning Reorganization, Merger, Consolidation or Purchase and Assumption Transaction, sale of a savings bank's assets made "in bulk [and not] in the ordinary course of business" constitutes a purchase and assumption transaction under the rule, requiring application with the department and approval from the commissioner. The adopted rules amend §75.81 such that the selling of assets in this fashion is no longer considered to constitute a purchase and assumption transaction under the rule.

Changes Concerning Application Procedures

The adopted rules make various changes concerning how applications are filed with the department. The adopted rules create a new Subchapter F, concerning General Provisions, designed to contain requirements of general applicability in the chapter. Existing §75.121, concerning Definitions, containing definitions applicable to the entirety of Chapter 75, is repealed and its subject matter addressed by new Subchapter F, §75.201, concerning Definitions. Adopted new §75.201 largely reconstitutes the definitions in existing §75.121, however,

new definitions are added for the terms "FDIC" and "managing officer," as that term is used in Finance Code §92.055. The existing rules in Chapter 75 provide that, for most application types, the applicant must publish a public notice of the application in a newspaper of general circulation in the county or counties affected by the relief sought by the application. A new §75.203 is added in new Subchapter F to establish uniform requirements for making such notices. The existing rules for each application type are also changed (amended, or by repeal and replacement of the rule) to clarify and establish by rule the county or counties where the public notice must be published.

Changes Concerning Hearings on Applications

Existing §75.10, concerning Change of Name, §75.33, concerning Branch Office Applications, §75.35, concerning Mobile Facilities, §75.38, concerning Change of Home or Branch Office Location, and §75.83, concerning Notice of Hearing (reorganization, merger, or consolidation), create processes and procedures governing how hearings are conducted for each application type addressed by each such rule by referring to and adopting the processes and procedures governing charter applications, contained in existing Chapter 75, Subchapter A. The adopted rules establish separate processes and procedures specific to each such rule, rather than by adopting by reference the processes and procedures applicable to charter applications. Existing §75.7, concerning Motions for Rehearing, which establishes certain timelines for a motion for rehearing made pursuant to Finance Code §91.006, is

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repealed, and its subject matter addressed by new Subchapter F, §75.203, concerning Motions for Rehearing. Adopted new §75.203 also extends the time period for filing a reply to a motion for rehearing from 25 days after the date the order was signed under existing §75.7, to 30 days after the date the order was signed.

Other Modernization and Update Changes.

The adopted rules make changes to modernize and update the rules including: adding and replacing language for clarity and to improve readability; removing unnecessary or duplicative provisions; and updating terminology.

Summary of Public Comments

Publication of the commission's proposal for the rule amendments, new rules, and repeals recited a deadline of 30 days to receive public comments, or January 31, 2021. A public hearing in accordance with Government Code §2001.029 was not required. No comments were received.

**SUBCHAPTER A. CHARTER
APPLICATIONS**

7 TAC §§75.1 - 75.3, 75.5 - 75.7, 75.9, 75.10

Statutory Authority

The adopted rules are adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are also adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-

chartered savings banks and to protect public investment in Texas-chartered savings banks.

The adopted rules affect the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

Iain A. Berry
Associate General Counsel
Department of Savings and Mortgage
Lending



7 TAC §§75.1 - 75.3, 75.6, 75.8, 75.10

Statutory Authority

The adopted rules are adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks. 7 TAC §§75.1 - 75.3 and 75.6 are adopted under the authority of, and to implement, Finance Code: §96.002(a), for those specific subject matters outlined in paragraph (2) of that subsection; Chapter 92, Subchapter B; §92.203; and §92.601(b). 7 TAC §75.8 is adopted under the authority of, and to implement, Finance Code: §96.002(a), for those specific subject matters outlined in paragraphs (2) and (14) of that subsection; §92.051; §92.060; and §92.058. 7 TAC

ADOPTION OF AMENDMENTS, NEW RULES, AND REPEALS
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§75.10 is adopted under the authority of, and to implement, Finance Code: §96.002(a), for those specific subject matters outlined in paragraphs (2) and (14) of that subsection; and §92.063.

The adopted rules affect the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

Iain A. Berry
Associate General Counsel
Department of Savings and Mortgage
Lending



**SUBCHAPTER B. EXPEDITED
APPLICATIONS**

7 TAC §§75.25 - 75.27

Statutory Authority

The adopted rules are adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are also adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks. 7 TAC §§75.25 - 75.27 are adopted under the authority of, and to implement, Finance Code §96.002(a), for those specific subject matters outlined in paragraph (2) of that subsection.

The adopted rules affect the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

Iain A. Berry
Associate General Counsel
Department of Savings and Mortgage
Lending



**SUBCHAPTER C. ADDITIONAL
OFFICES**

7 TAC §§75.31, 75.34, 75.35

Statutory Authority

The adopted rules are adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are also adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks.

The amended rules affect the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

Iain A. Berry
Associate General Counsel

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Department of Savings and Mortgage
Lending

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**7 TAC §§75.31 - 75.33, 75.35, 75.36, 75.38,
75.39, 75.41**

Statutory Authority

The adopted rules are adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are also adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks. 7 TAC §§75.31 - 75.33, 75.35, 75.36, 75.38, 75.39 and 75.41 are adopted under the authority of, and to implement, Finance Code: §96.002(a), for those specific subject matters outlined in paragraphs (2) and (14) of that subsection; and §92.063. 7 TAC §75.36 is also adopted under the authority of, and to implement, Finance Code §92.352.

The adopted rules affect the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

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Department of Savings and Mortgage
Lending

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SUBCHAPTER D. REORGANIZATION,
MERGER, CONSOLIDATION,
CONVERSION, PURCHASE AND
ASSUMPTION OR ACQUISITION

7 TAC §§75.81 - 75.83, 75.87 - 75.91

Statutory Authority

The adopted rules are adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are also adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks. 7 TAC §§75.81 - 75.83 and 75.88 are adopted under the authority of, and to implement, Finance Code: §96.002(a), for those specific subject matters outlined in paragraphs (2) and (13) of that subsection; and Chapter 92, Subchapters C and H. 7 TAC §75.88 is also adopted under the authority of, and to implement, Finance Code Chapter 92, Subchapter I. 7 TAC §75.89 is adopted under the authority of, and to implement, Finance Code: §96.002(a), for those specific subject matters outlined in paragraphs (2) and (13) of that subsection; and Chapter 92, Subchapter F. 7 TAC §75.90 is adopted under the authority of, and to implement, Finance Code: §96.002(a), for those specific subject matters outlined in paragraphs (2) and (13) of that subsection; and Chapter 92, Subchapter G. 7 TAC §75.91 is adopted under the authority of, and to implement, Finance Code: §96.002(a), for those specific subject

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matters outlined in paragraphs (2) and (13) of that subsection; and §92.052.

The adopted rules affect the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

Iain A. Berry
Associate General Counsel
Department of Savings and Mortgage
Lending

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7 TAC §§75.83 - 75.86, 75.90

Statutory Authority

The adopted rules are adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are also adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks.

The adopted rules affect the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

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Associate General Counsel
Department of Savings and Mortgage
Lending

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**SUBCHAPTER E. CHANGE OF
CONTROL**

7 TAC §§75.121, 75.123, 75.125

Statutory Authority

The adopted rules are adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are also adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks.

The adopted rules affect the statutes contained in Finance Code, Subtitle C, the Texas State Savings Bank Act.

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

Iain A. Berry
Associate General Counsel
Department of Savings and Mortgage
Lending

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7 TAC §§75.122 - 75.124, 75.126, 75.127

Statutory Authority

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The adopted rules are adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are also adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks. 7 TAC §§75.122 - 75.124, 75.126 and 75.127 are adopted under the authority of, and to implement, Finance Code: §96.002(a), for those specific subject matters outlined in paragraphs (2) and (10) of that subsection; and Chapter 92, Subchapter L. 7 TAC §75.122 is also adopted under the authority of Finance Code §96.002(b).

The adopted rules affect the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

Iain A. Berry
Associate General Counsel
Department of Savings and Mortgage
Lending

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SUBCHAPTER F. GENERAL
PROVISIONS

7 TAC §§75.201 - 75.204

Statutory Authority

The adopted rules are adopted under the authority of Finance Code §11.302(a), which

authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are also adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks. 7 TAC §§75.202 and 75.203 are adopted under the authority of, and to implement, Finance Code: §96.002(a), for those specific subject matters outlined in paragraph (2) of that subsection. 7 TAC §75.201 is also adopted under the authority of, and to implement, Finance Code §92.055. 7 TAC §75.203 is also adopted under the authority of, and to implement, Finance Code: §92.057(a)(1); §92.352(a)(1); and §92.557(d).

The adopted rules affect the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

Iain A. Berry
Associate General Counsel
Department of Savings and Mortgage
Lending

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3. ***Discussion of and Possible Vote to Take Action on the Adoption of Amendments, and Repeals in 7 TAC, Part 4, Chapter 76, Concerning Miscellaneous, Resulting from Rule Review.***

PURPOSE: The purpose of the amendments, and repeals in 7 TAC Chapter 76 is to implement changes resulting from the Department's periodic review of its rules, conducted pursuant to Government Code §2001.039.

RECOMMENDED ACTION: The Department recommends that the Finance Commission approve adoption of the amendments, and repeals, without changes to the proposed text as published in the *Texas Register*.

RECOMMENDED MOTION: I move that the Finance Commission approve adoption of the amendments and repeals in 7 TAC Chapter 76.

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TITLE 7. BANKING AND SECURITIES

**PART 4. DEPARTMENT OF SAVINGS
AND MORTGAGE LENDING**

CHAPTER 76. MISCELLANEOUS

The Finance Commission of Texas (commission), on behalf of the Department of Savings and Mortgage Lending (department), adopts: the repeal of existing rules at 7 Texas Administrative Code (TAC) Chapter 76, Subchapter A, §76.3; Subchapter D, §76.61; Subchapter E, §§76.71 - 76.73; and Subchapter G, §76.121; and amendments to existing rules in 7 TAC Chapter 76, Subchapter A, §§76.1, 76.2, 76.4 - 76.7, and 76.12; Subchapter B, §§76.21 - 76.26; Subchapter C, §§76.41 - 76.47; Subchapter F, §§76.91 - 76.97, 76.99 - 76.103, and 76.105 - 76.110; and Subchapter H, §76.122, without changes to the text as published in the January 8, 2021 issue of the *Texas Register* (46 TexReg 239). The rules will not be republished.

Explanation of and Justification for the Rules

The existing rules under 7 TAC Chapter 76 partially implement Finance Code Subtitle C, the Texas Savings Bank Act. The adopted rules were identified during the department's periodic review of 7 TAC Chapter 76, conducted pursuant to Government Code §2001.039.

Notice to Consumers Changes

Existing §76.122, concerning Savings Bank Complaint Notices, requires Texas-chartered savings banks to make a disclosure to consumers concerning the department's regulatory oversight and the ability to file

complaints with the department. The adopted rules clarify the existing requirement for a savings bank to make a disclosure on its website by clarifying that the requirement applies only to websites accessible by the public and further clarifying how to conspicuously display such notice on a website in order to comply with the rule.

Books and Records Changes

Existing §76.1, concerning Location of Books and Records, addresses how and where a savings bank keeps its books and records. The adopted rules amend §76.1 to clarify that a savings bank must comply with the applicable requirements of federal law in making and keeping its books and records, and require that records be kept in accordance with established best practices of the Federal Financial Institution Examination Council. Amended §76.3 further clarifies that, while records may be kept at a location other than the savings bank's home office, the savings bank must ensure that a complete set of its records is readily accessible at the home office. The title of §76.1 is also amended to better reflect the subject matter of the rule as amended. Existing §76.3 authorizes a savings bank to keep copies of its records, including by electronic means. The adopted rules repeal existing §76.3, and consolidate its subject matter in amended §76.1, which provides that records may be kept in an electronic, digital, or magnetic format.

Changes Concerning Reports from a Holding Company

Existing §76.42, concerning Reports, requires holding companies and their subsidiaries to file reports with the commissioner including any reports or other

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information it is required to file with the appropriate federal banking agency. The adopted rules clarify that a holding company need not file with the commissioner reports it has filed with the appropriate federal banking agency that are publicly available.

Change of Control Fee Changes

Existing §76.101, concerning Fee for Change of Control, establishes the fee for making an application for change of control of a savings bank in accordance with Finance Code Chapter 92, Subchapter L. The adopted rules lower the applicable fee from \$10,000 to \$5,000.

Changes Concerning Hearings on Applications

Existing §§76.71 - 76.73, concerning Hearings Officer, Rules of Procedure for Contested Hearings, and Publication of Hearing Notice, respectively, establish certain processes and procedures governing adjudicative hearings (contested cases) on applications filed with the commissioner. The adopted rules repeal these rules to coincide with a separate rules adoption for 7 TAC Chapter 75, wherein the subject matter of existing §§76.71 - 76.73 is addressed in such chapter.

Other Modernization and Update Changes

The adopted rules make changes to modernize and update the rules including: adding and replacing language for clarity and to improve readability; removing unnecessary or duplicative provisions; and updating terminology.

Summary of Public Comments

Publication of the commission's proposal for the rule amendments, new rules, and repeals recited a deadline of 30 days to receive public comments, or February 7, 2021. A public hearing in accordance with Government Code §2001.029 was not required. No comments were received.

**SUBCHAPTER A. BOOKS, RECORDS,
ACCOUNTING PRACTICES,
FINANCIAL STATEMENTS AND
RESERVES**

7 TAC §§76.1, 76.2, 76.4 - 76.7, 76.12

Statutory Authority

The adopted rules are adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are also adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks. 7 TAC §76.1 is adopted under the authority of, and to implement, Finance Code: §96.002(a), for those specific subject matters outlined in paragraphs (3) and (5) of that subsection; §92.201; and §96.056. 7 TAC §76.2 is adopted under the authority of, and to implement, Finance Code: §96.002(a), for those specific subject matters outlined in paragraphs (3) and (4) of that subsection; and §92.201. 7 TAC §76.4 is adopted under the authority of, and to implement, Finance Code: §96.002(a), for those specific subject matters outlined in paragraphs (7) and (11) of that subsection; §96.051; and §96.053. 7 TAC §76.5 is adopted under the authority of, and to implement, Finance Code §96.002(a),

ADOPTION OF AMENDMENTS AND REPEALS
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for those specific subject matters outlined in paragraph (11) of that subsection. 7 TAC §76.6 is adopted under the authority of, and to implement, Finance Code §96.002(a), for those specific subject matters outlined in paragraph (9) of that subsection. 7 TAC §76.7 is adopted under the authority of, and to implement, Finance Code §96.002(a), for those specific subject matters set forth in paragraph (11) of that subsection. 7 TAC §76.12 is adopted under the authority of, and to implement, Finance Code: §96.002(a), for those specific subject matters outlined in paragraph (11) of that subsection; §92.051(b)(2); §92.058(c)(2); §92.062; §92.157; and §92.205.

The adopted rules affect the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

Iain A. Berry
Associate General Counsel
Department of Savings and Mortgage
Lending

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7 TAC §76.3

Statutory Authority

The adopted rules are adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are also adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules

necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks.

The adopted rules affect the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

Iain A. Berry
Associate General Counsel
Department of Savings and Mortgage
Lending

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**SUBCHAPTER B. CAPITAL AND
CAPITAL OBLIGATIONS**

7 TAC §§76.21 - 76.26

Statutory Authority

The adopted rules are adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are also made under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks. 7 TAC §76.21 and §76.22 are adopted under the authority of, and to implement, Finance Code: §96.002(a), for those specific subject matters set forth in paragraphs (1) and (11) of that subsection; §92.052(b); §92.053(b); §92.054; §92.102; and §92.203. 7 TAC

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§76.23 is adopted under the authority of, and to implement, Finance Code: 96.002(a), for those specific subject matters set forth in paragraphs (1) and (11) of that subsection; §92.203; and Chapter 96, Subchapter C. 7 TAC §§76.24 - 76.26 is adopted under the authority of, and to implement, Finance Code: 96.002(a), for those subject matters set forth in paragraph (11); and §93.004(b).

The adopted rules affect the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

Iain A. Berry
Associate General Counsel
Department of Savings and Mortgage
Lending

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SUBCHAPTER C. HOLDING COMPANIES

7 TAC §§76.41 - 76.47

Statutory Authority

The adopted rules are adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are also adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks.

7 TAC §§76.41 - 76.47 are adopted under the authority of, and to implement, Finance Code: §96.002(a), for those specific subject matters outlined in paragraphs (11) and (15) of that subsection; and §97.002. 7 TAC §76.41 is further adopted under the authority of, and to implement, Finance Code §97.002. 7 TAC §76.42 is further adopted under the authority of, and to implement, Finance Code §97.004. 7 TAC §76.43 is further adopted under the authority of, and to implement, Finance Code §97.005. 7 TAC §76.44 is further adopted under the authority of, and to implement, Finance Code §97.006. 7 TAC §76.45 is further adopted under the authority of, and to implement, Finance Code §97.007. 7 TAC §76.46 is further adopted under the authority of, and to implement, Finance Code §97.003. 7 TAC §76.47 is further adopted under the authority of, and to implement, Finance Code Chapter 98, Subchapter B.

The adopted rules affect the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

Iain A. Berry
Associate General Counsel
Department of Savings and Mortgage
Lending

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SUBCHAPTER D. FOREIGN SAVINGS BANKS

7 TAC §76.61

Statutory Authority

ADOPTION OF AMENDMENTS AND REPEALS
7 TAC CHAPTER 76
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The adopted rules are adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are also adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks.

The adopted rules affect the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

Iain A. Berry
Associate General Counsel
Department of Savings and Mortgage
Lending

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SUBCHAPTER E. HEARINGS

7 TAC §76.71 - 76.73

Statutory Authority

The adopted rules are adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are also adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks.

The adopted rules affect the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

Iain A. Berry
Associate General Counsel
Department of Savings and Mortgage
Lending

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SUBCHAPTER F. FEES AND CHARGES

7 TAC §§76.91 - 76.97, 76.99 - 76.103, 76.105 - 76.110.

Statutory Authority

The adopted rules are adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are also adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks. 7 TAC §§76.91 - 76.97, 76.99 - 76.103, 76.105 - 76.110 are adopted under the authority of, and to implement, Finance Code: §96.002(a), for those specific subject matters outlined in paragraph (2) of that subsection; §91.007; and 16.003(c). 7 TAC §76.91 is further adopted under the authority of, and to implement, Finance Code §92.051(a)(2). 7 TAC §76.92 is further adopted under the authority of, and to implement, Finance Code §92.063. 7 TAC

ADOPTION OF AMENDMENTS AND REPEALS
7 TAC CHAPTER 76
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§76.97 is further adopted under the authority of, and to implement, Finance Code §93.004(b). 7 TAC §76.107 is further adopted under the authority of, and to implement, Finance Code §97.001.

The adopted rules affect the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

Iain A. Berry
Associate General Counsel
Department of Savings and Mortgage
Lending

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**SUBCHAPTER G. STATEMENTS OF
POLICY**

7 TAC §76.121

Statutory Authority

The adopted rules are adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are also adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks.

The adopted rules affect the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

Iain A. Berry
Associate General Counsel
Department of Savings and Mortgage
Lending

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**SUBCHAPTER H. COMPLAINT
PROCEDURES**

7 TAC §76.122

Statutory Authority

The adopted rules are adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rules are also adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks. 7 TAC §76.122 is adopted under the authority of, and to implement, Finance Code: §96.002(a), for those specific subject matters outlined in paragraph (11) of that subsection; §96.054; and Chapter 96, Subchapter C.

The adopted rules affect the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

ADOPTION OF AMENDMENTS AND REPEALS
7 TAC CHAPTER 76
PAGE 7 OF 7

Iain A. Berry
Associate General Counsel
Department of Savings and Mortgage
Lending

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4. ***Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC §77.10, Concerning Non-Real Estate Commercial Loans, Resulting from Rule Review.***

PURPOSE: The purpose of the amendments to 7 TAC §77.10 is to implement changes resulting from the Department's periodic review of its rules, conducted pursuant to Government Code §2001.039.

RECOMMENDED ACTION: The Department recommends that the Finance Commission approve adoption of the amendments, without changes to the proposed text as published in the *Texas Register*.

RECOMMENDED MOTION: I move that the Finance Commission approve adoption of the amendments to 7 TAC §77.10.

ADOPTION OF AMENDMENTS

7 TAC §77.10

PAGE 1 OF 1

TITLE 7. BANKING AND SECURITIES

PART 4. DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

CHAPTER 77. LOANS, INVESTMENTS, SAVINGS, AND DEPOSITS

SUBCHAPTER A. AUTHORIZED LOANS AND INVESTMENTS

7 TAC §77.10

The Finance Commission of Texas (commission), on behalf of the Department of Savings and Mortgage Lending (department), adopts amendments to existing 7 TAC §77.10, without changes to the text as published in the January 8, 2021 issue of the *Texas Register* (46 TexReg 251). The rule will not be republished.

Explanation of and Justification for the Rule

Existing 7 TAC §77.10 partially implements Finance Code Subtitle C, the Texas Savings Bank Act, and specifically §94.002 of such act. The adopted rule was identified during the department's periodic review of 7 TAC Chapter 77, conducted pursuant to Government Code, §2001.039.

Existing §77.10, concerning Non-Real Estate Commercial Loans, determines the circumstances under which a savings bank a savings bank may engage in commercial real estate loans, and the requirements for such loans. The amended rule clarifies within the text of the rule that the rule pertains only to commercial loans.

Summary of Public Comments

Publication of the commission's proposal for the rule amendments recited a deadline of 30 days to receive public comments, or February 7, 2021. A public hearing in accordance with Government Code §2001.029 was not required. No comments were received.

Statutory Authority

The adopted rule is adopted under the authority of Finance Code §11.302(a), which authorizes the commission to adopt rules applicable to state savings banks. The adopted rule is also adopted under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks. 7 TAC §77.10 is also adopted under the authority of, and to implement Finance Code §94.002.

The adopted rule affects the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

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

Iain A. Berry
Associate General Counsel
Department of Savings and Mortgage
Lending

5. Discussion of and Possible Vote to Take Action Regarding Anticipated and Pending Litigation

Anticipated Litigation

None

Pending Litigation

Daniel Shea v. Mid America Mortgage, Hon. Greg Abbott, Mr. Philip Holt and Caroline C. Jones
Cause No. 2019-22261 pending before the 55th Judicial District Court of Harris County, Texas

On January 19, 2021, the Commissioner of the Department of Savings and Mortgage Lending received a copy of the Plaintiff's Fifth Amended Petition with Rule 37 Additional Party, which names her as a new defendant. The plaintiff is seeking injunctive relief to allow him to obtain a cash-out refinance of his existing VA Loan. Under Section 50(a)(6) of Article XVI of the Texas Constitution, VA loans are not eligible for a cash-out refinance. Plaintiff contends this restriction forces veterans to take out home equity loans at much higher interest rates, than if they were to refinance into another VA loan. The Commissioner is represented by the General Litigation Division of the Office of the Texas Attorney General in this matter.

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C.

**Office of Consumer Credit
Commissioner**

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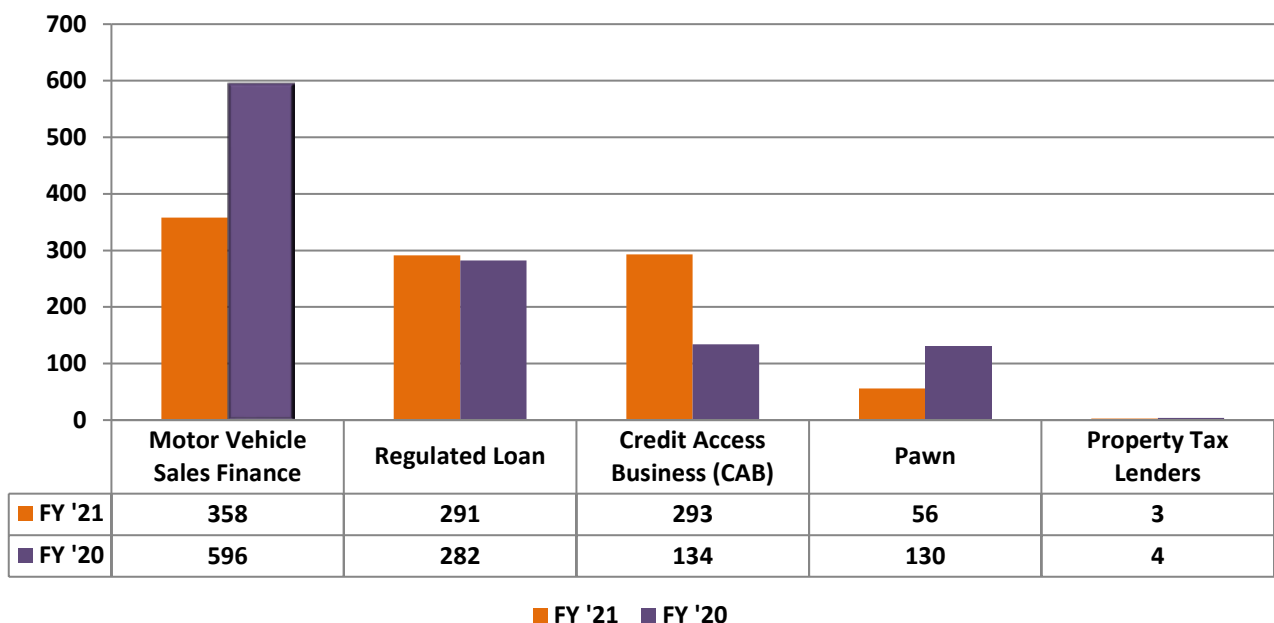
Consumer Protection and Consumer Assistance Report

The Examination Department continues to develop its capabilities to plan, develop, organize and conduct remote examinations. As noted in the October and December briefings, detailed training has been provided to the examiners, management, reporting structures are in place, and Examiners-in-Charge (EIC's) and Single Points of Contact (SPOC's) have been assigned to conduct certain specified remote examinations.

The Examination Department is on track to meet its production targets for fiscal year 2021. In the month of December, the Examination Department conducted remote examinations of 17 different companies resulting in a total of 257 licensed locations being examined. The Examination Department continues to see improvements in effectiveness and efficiencies as a result of focusing on project management approaches to support remote exams. A large enterprise credit access business (CAB) exam was completed in mid-December. This exam originally started as an individual branch examination but, as result of the COVID-19 shutdown, transitioned to an entirely remote enterprise exam.

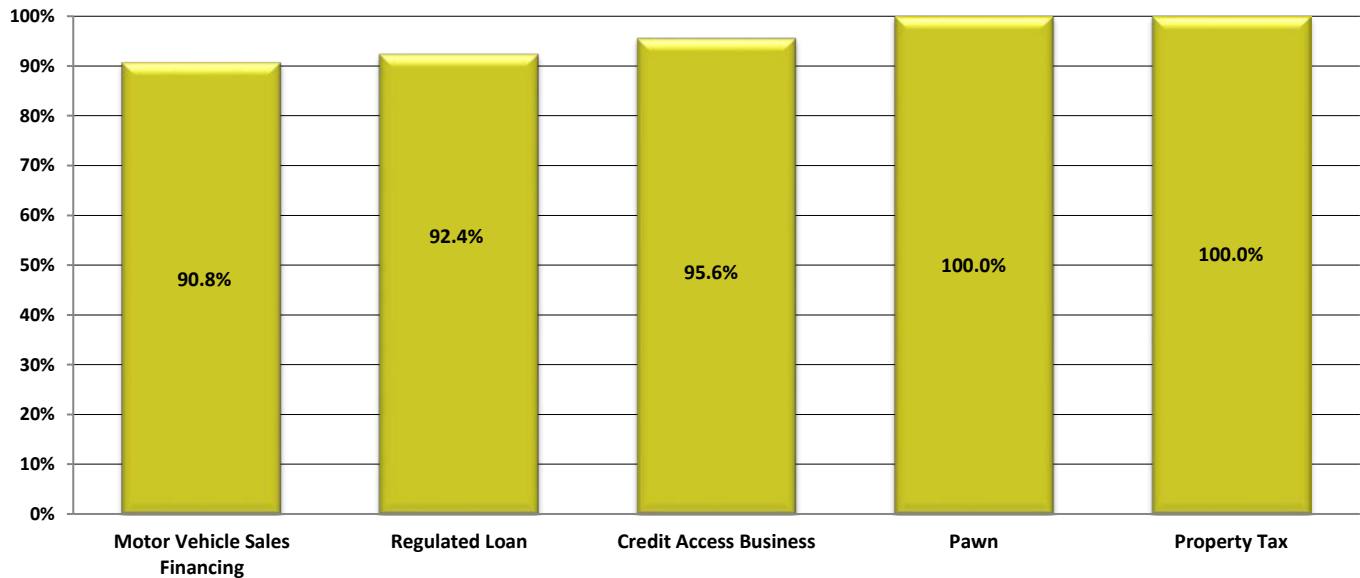
Staff development and retention remains a primary focus area. The Examination Department is pleased that it has been able to continue with the staff development strategies.

Examinations Conducted: Sept - Dec Fiscal Year Comparison

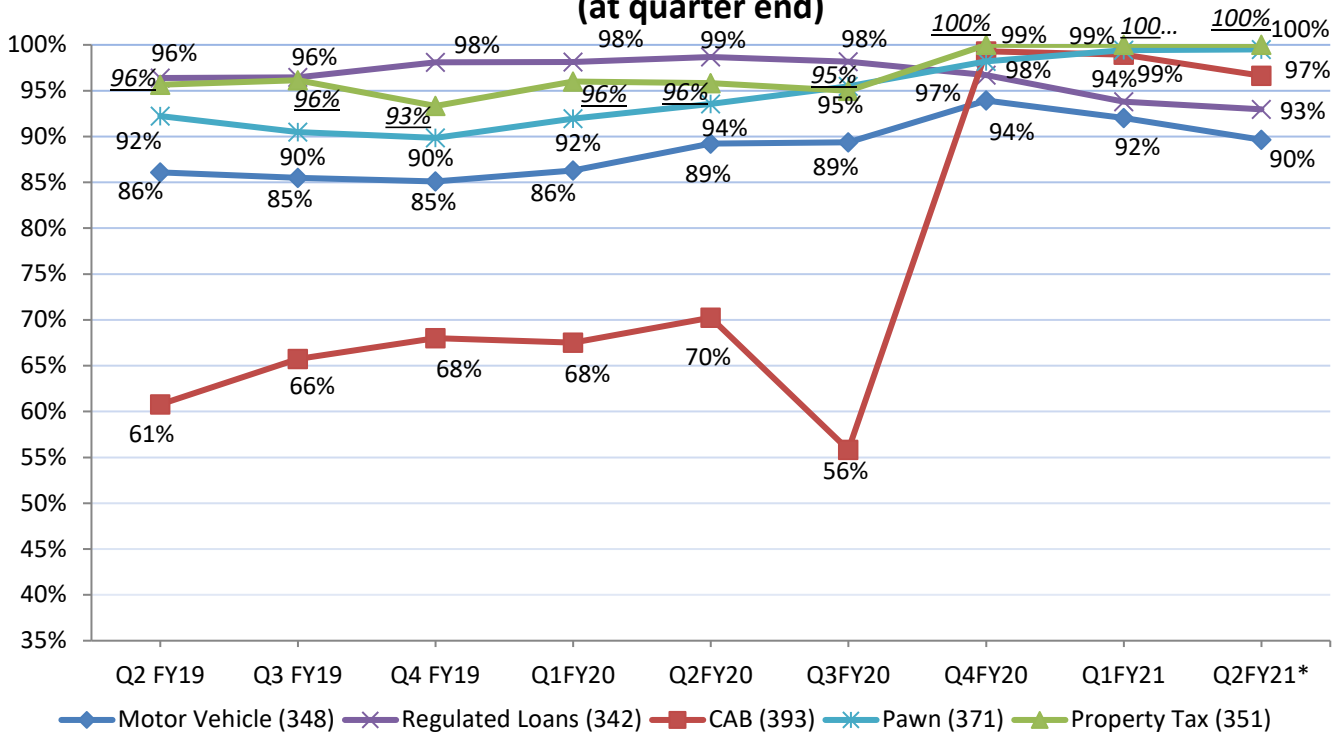


The second chart below denotes the acceptable level of compliance on a trailing 12-month basis through the end of December 2020.

Acceptable Level of Compliance FY '21 (Sept 2020 - Dec 2020)



Acceptable Compliance Levels - Trailing 12 Months (at quarter end)



*As of 12/31/2020

Financial Examiner III program

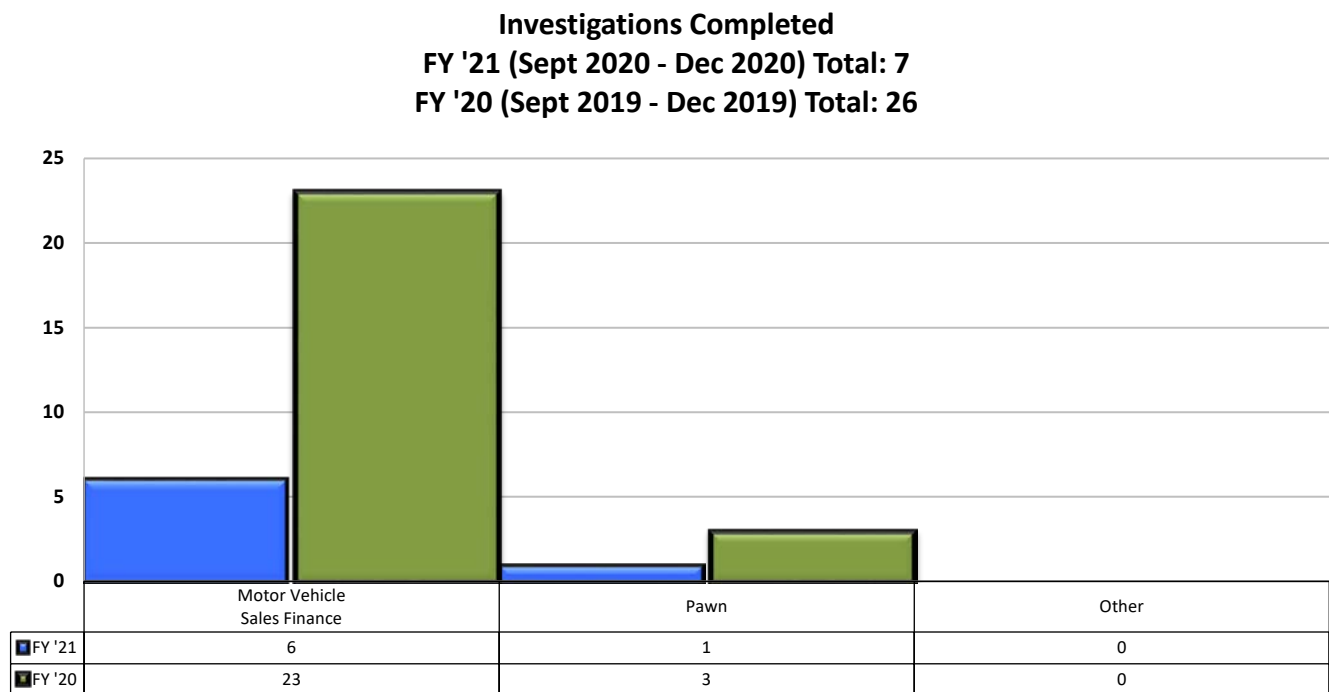
The Examination Department recently commenced the annual Financial Examiner III Advancement Program. Two examiners are currently participating in this process. The Financial Examiner III Program provides a dedicated career path for Financial Examiner job and career growth while at the same time developing the examiner's knowledge, skills, and abilities. The investment of time and resources into the Financial Examiner III Program ensures examiners have a career path that translates into successful employment with the OCCC.

To qualify to participate in the program, candidates must successfully meet the criteria outlined in the Financial Examiner career ladder. This includes completion of supplemental training classes in all examination types, achieving production goals, experience as an Examiner-in-Charge of an enterprise examination, and a recommendation from the Director of Consumer Protection.

Once Financial Examiners qualify to participate in the program, examiners must successfully complete a panel interview with senior staff and also complete written testing covering Regulated Lending, Pawnshops, Credit Access Businesses, Motor Vehicle Sales Finance, Secondary Mortgage, Home Equity, Property Tax Lending, and Federal Regulations. It is a robust and challenging program that has supported the development of a group of examiners who are experts in the field. Currently, there are ten Financial Examiner III positions dispersed throughout the three regions.

Investigations

For FY 2021, the Examination Department has completed 8 investigations, 12.7% of the FY 2021 goal of 55. Motor Vehicle Sales Finance comprises 85.7% of the overall number of investigations.



Consumer Assistance

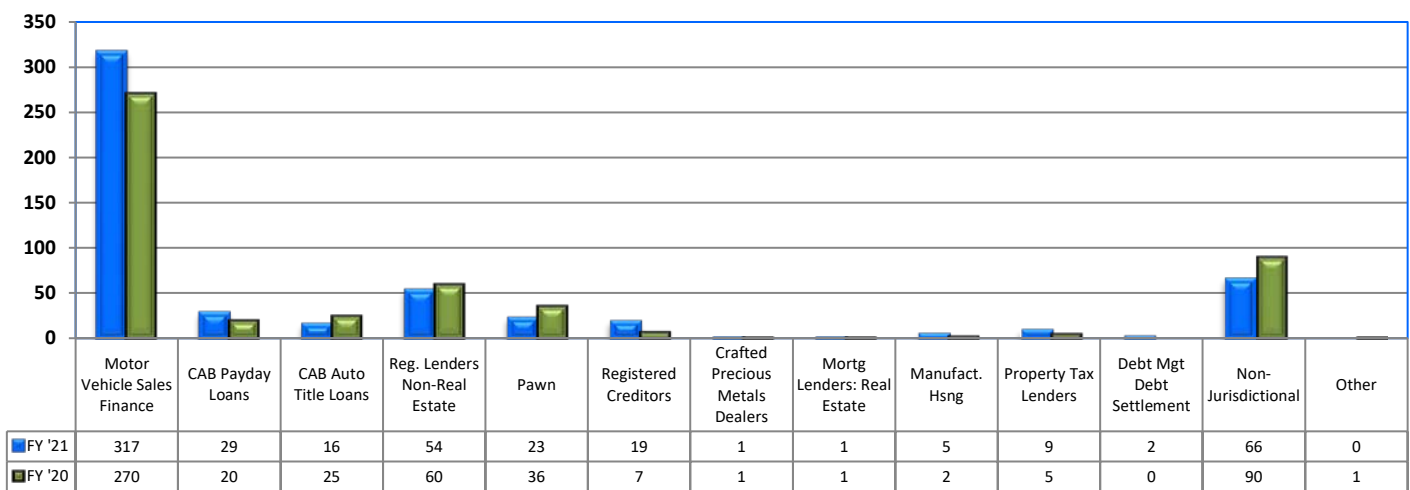
For this period, 542 complaints were closed of which 66 were classified as non-jurisdictional.

The top four areas of jurisdictional complaints are (1) Motor Vehicle Sales Finance (MVSF), (2) Regulated Lenders Non-Real Estate, (3) Credit Access Business (CAB) , and (4) Pawn.

MVSF complaints were the largest complaint category at 58.5%. The second largest number of complaints came from Regulated Lenders - Non-Real Estate at 10.0%. The third largest category were CAB complaints at 8.3% collectively; separately, these are 5.4% for payday loans and 3.0% for title loans. The fourth largest category was Pawnshops at 4.2%.

Complaints Closed

FY '21 (Sept 2020 - Dec 2020) Total: 542
FY '20 (Sept 2019 - Dec 2019) Total: 518



Fiscal Year 2020: Number of Complaints Closed by Source (Table 1), Subject (Table 2), and Disposition (Table 3)

Table 1

Source of Complaint	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Consumer	373	N/A	N/A	N/A
Business	2	N/A	N/A	N/A
Law Enforcement	1	N/A	N/A	N/A
State or Federal Agency	47	N/A	N/A	N/A
OCCC	7	N/A	N/A	N/A
Whistleblower	0	N/A	N/A	N/A
Other	0	N/A	N/A	N/A
Total	430	N/A	N/A	N/A

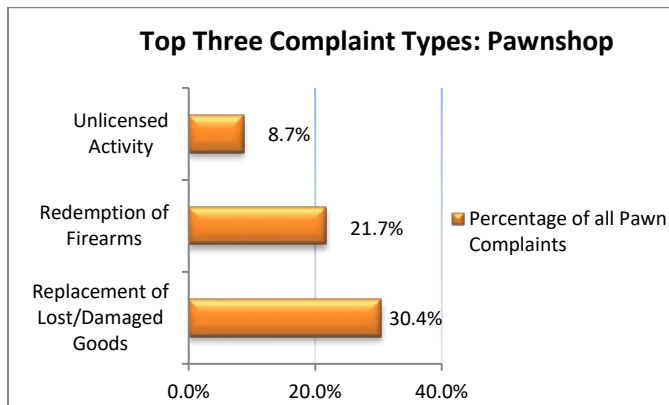
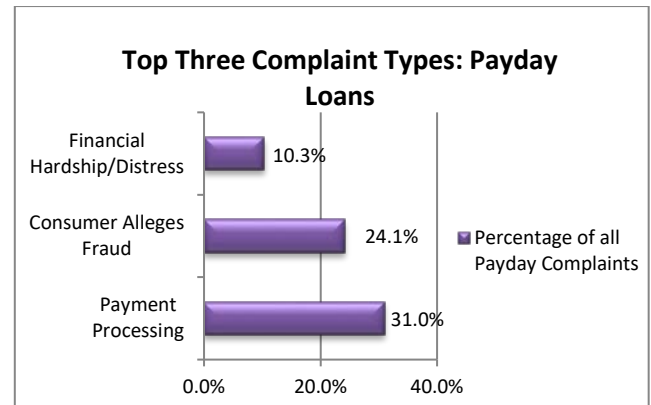
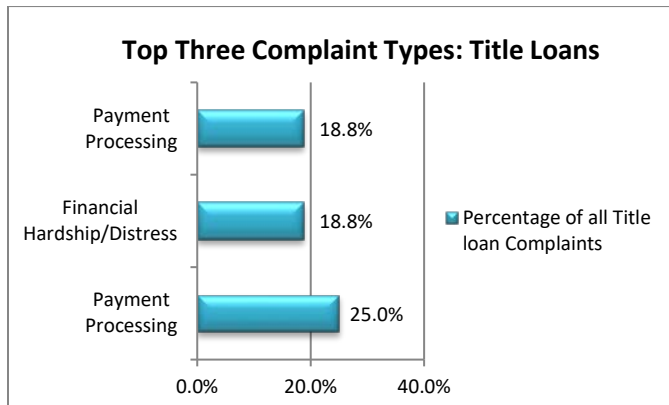
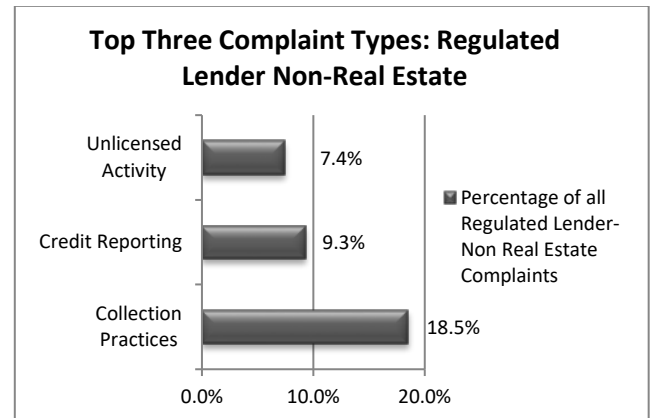
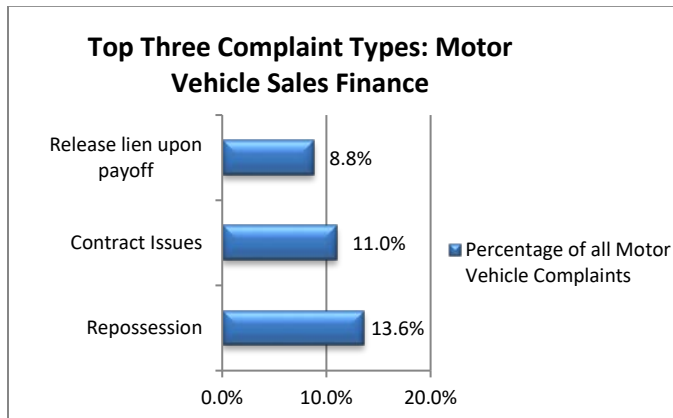
Table 2

Subjects	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Motor Vehicle Sales Finance	253	N/A	N/A	N/A
CAB Payday Loans	22	N/A	N/A	N/A
CAB Auto Title Loans	13	N/A	N/A	N/A
Reg. Lenders Non-Real Estate	43	N/A	N/A	N/A
Pawn	19	N/A	N/A	N/A
Registered Creditors	18	N/A	N/A	N/A
Crafted Precious Metals Dealers	1	N/A	N/A	N/A
Mortgage Lenders: Real Estate	1	N/A	N/A	N/A
Manufactured. Housing	4	N/A	N/A	N/A
Property Tax Lenders	7	N/A	N/A	N/A
Debt Management Debt Settlement	1	N/A	N/A	N/A
Non-Jurisdictional	48	N/A	N/A	N/A
Refund Anticipation Loan	0	N/A	N/A	N/A
Other	0	N/A	N/A	N/A
Total	430	N/A	N/A	N/A

Table 3

Disposition:	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Closed to Investigation	7	N/A	N/A	N/A
Closed to Legal	0	N/A	N/A	N/A
Closed-Action Taken	212	N/A	N/A	N/A
Closed-No Violation	75	N/A	N/A	N/A
Closed-Administratively	88	N/A	N/A	N/A
Closed-Non Jurisdictional	48	N/A	N/A	N/A
Total	430	N/A	N/A	N/A

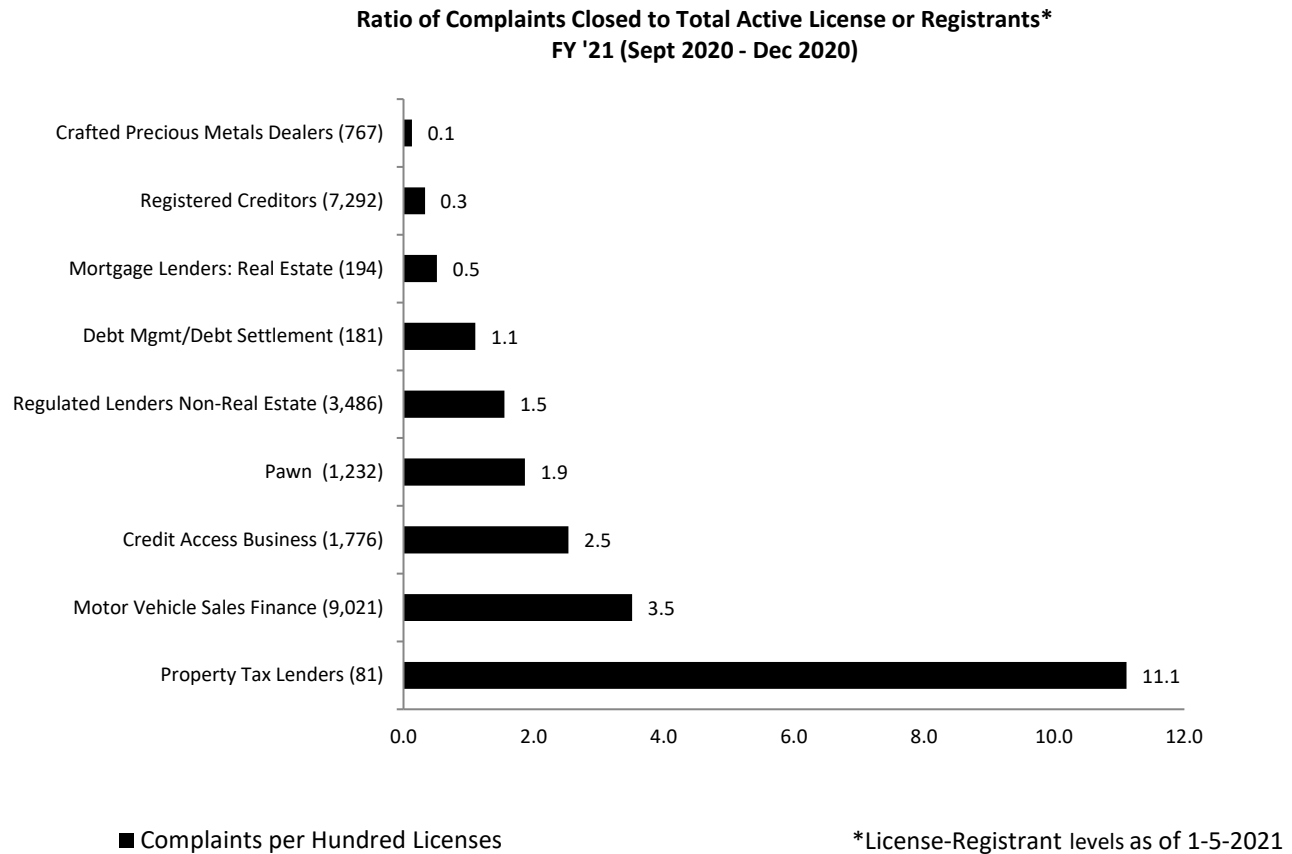
Each of the following charts represent the three top complaint areas per license type:



Consumer Assistance Activities Information by Quarter

Production Targets and Priorities	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Percentage Written Complaints Closed within 90 days	92.8%	N/A	N/A	N/A
Average Number of Days to Close a Complaint	41.9	N/A	N/A	N/A
Number of Complaints Closed	430	N/A	N/A	N/A

Comparison of complaints processed to the number of active license or registrant population is noted on the chart below. The highest ratio involved Property Tax Lenders, followed by Motor Vehicle Sales Finance as the second highest, Credit Access Business as the third, and Pawn as the fourth highest.





Licensing Report- February 2021

Mirand Diamond, Director of Licensing & Finance

Renewals

Renewal for regulated lenders, credit access businesses and property tax lenders concluded at the end of December. For credit access businesses 95% renewed, while 97% of property tax lenders renewed, and 93% of regulated lenders renewed.

Registration renewal for crafted precious metal dealers, refund anticipation loan facilitators, registered creditors and debt management and settlement providers ended in December and January with an average of 72% of registrants renewing between the four industry groups.

Applications Processing

The team continues to maintain all aspects of departmental functionality while working remotely.

The volume of incoming applications remains near 140 monthly on average in FY 2021, holding steady as related to prior fiscal years.

While pawn employee application processing continues, the volume of incoming applications has declined due to optional pawn employee licensing.

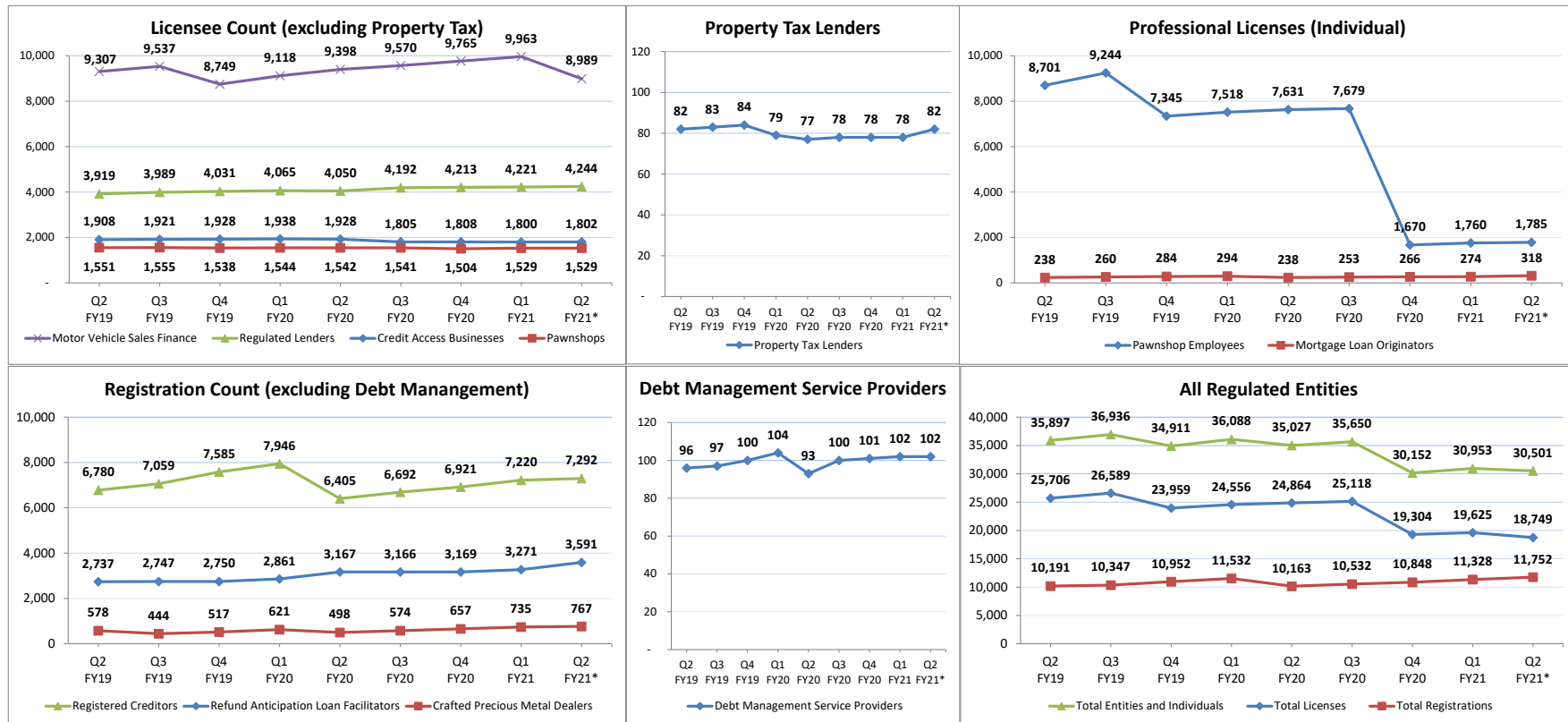
Other Updates

The department continues to work with IT and the change advisory committee to enhance and refine ALECS.

Regulated Entity Population Trends

The following charts reflect the number of OCCC regulated entities at the end of each quarter in fiscal years 2019 and 2020 to current data.

Number of OCCC Regulated Entities Quarterly Comparison of FY19-21



* Q2 FY21 data through 12-31-2020



ADMINISTRATION REPORT

FINANCIAL EDUCATION AND TFEE

The Financial Education Department provided financial education services to 247 individuals during the first quarter of Fiscal Year 2021. As of the end of January, another 183 individuals have been provided with direct financial educational services.

The OCCC continues to conduct webinars on a regular basis and is expanding webinar topics by creating a new course that utilizes the FDIC's "Your Money Values and Influences" and "Your Spending and Saving" Money Smart for Adults program curriculum. Additionally, the OCCC is collaborating with the Department of Banking to conduct a second joint webinar in April 2021.

TFEE 2nd period reimbursement requests were due on January 31, 2021. A total of \$66,749.92 has been requested by grant recipients. The staff is preparing for the 2022-2023 TFEE Grant Cycle and is currently reviewing and updating the Grant Advisory Policy Manual as well as application templates, forms, and documents to ensure they are ready for distribution.

SUNSET IMPLEMENTATION

The Sunset Advisory Commission met and adopted the Implementation of the 2019 Sunset Recommendations Compliance Report at the end of January. The Sunset Advisory Commission noted that the six (6) changes that were statutorily required of the OCCC were fully implemented.

COMMUNICATION

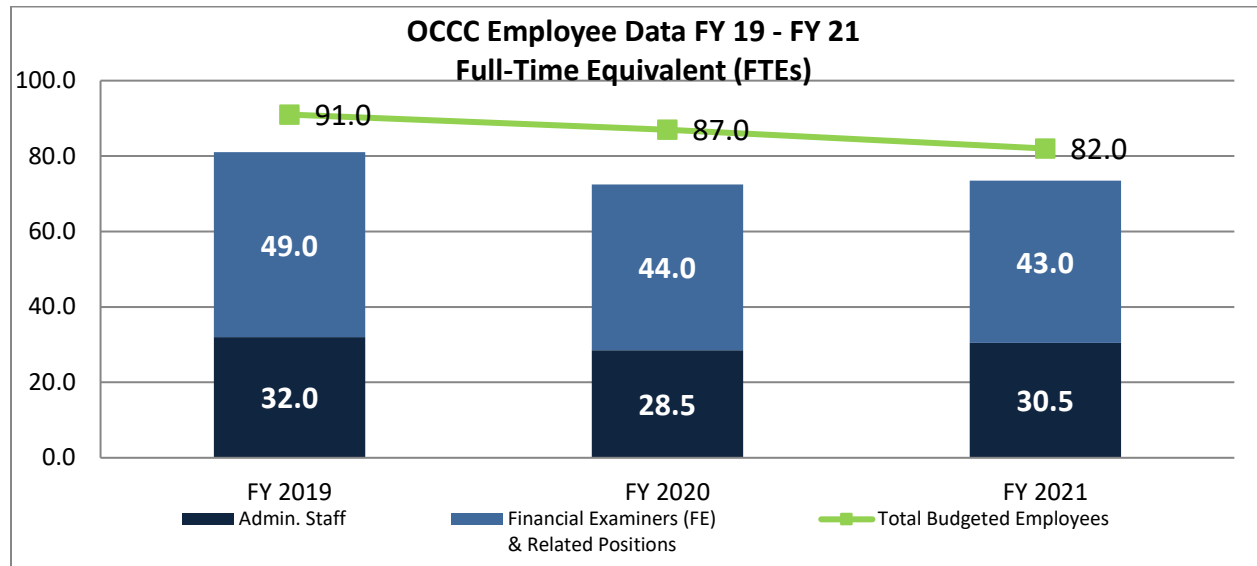
The OCCC is continuing to utilize virtual communication technologies as many staff remain in a remote status as a result of the pandemic. The staff also continue to communicate with stakeholders through virtual presentations and written publications. The OCCC recently updated Advisory Bulletins regarding COVID-19 Guidance and published these on the website. The staff continues to conduct regular Financial Education webinars. Additionally, Financial Examiner Eric Fancher provided a presentation by webinar on January 7, 2021 to the Texas Department of Motor Vehicles (DMV).

HUMAN RESOURCES

In this reporting period key measure, activities end of November 2020 to the end of January 2021, the OCCC was staffed with a total of 74 FTEs (73 full time equivalent and one part time). Currently the agency does not have any open positions:

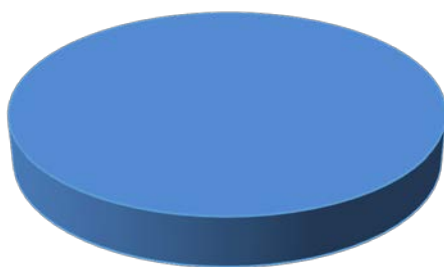
Vacancy	Status
None	

The following chart compares administrative staff vs. financial examiners (FEs) for the last three fiscal years.



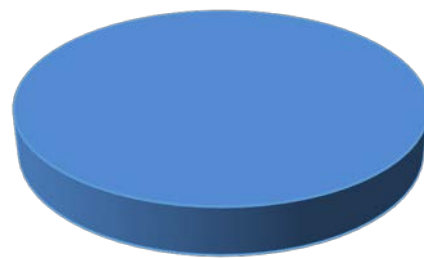
The turnover rate as of January 2021 is 1.3%, and the chart below represents FY21 data.

OCCC Turnover Categories
FY 21 - All Employees
(09/01/2020 - 1/31/2021)
1 total - 1 Voluntary Resignations.



Voluntary Resignation

OCCC Turnover Categories
FY 21 - FE Series
(09/01/2020 - 1/31/2021)
1 total - 1 Voluntary Resignations.



Voluntary Resignation

OCCC employees are following annual required policies and updates. Policies are regularly monitored to ensure compliance with local, state and federal law. HR continues to monitor health and safety measures for staff working in the Austin headquarters.

INFORMATION TECHNOLOGY

Cybersecurity

IT successfully completed both a network penetration test, and the biannual Texas Cybersecurity Framework audit. Suggested means for strengthening the security posture even more have been pursued or are in the planning stage.

Technology modernization and deployment

The OCCC is in the configuration and testing stage of transitioning accounting activities to CAPPs, the CPA system in use by or being deployed to all state agencies. This includes coding necessary to seamlessly transfer revenue information from ALECS to CAPPs.

Migrating the agency to a common version of Microsoft Office is in progress. While compatible, OCCC has diverse installations ranging from Office 2010 (which recently reached end-of-support) to Office 2019 (target commonality).

Training

Annual cybersecurity training requirements for agency personnel are on target to reach 180+ minutes in advance of the fiscal year end.



Accounting Report- February 2021

Mirand Diamond, Director of Licensing & Finance

Staffing

The accounting department now has three full-time accountants and is working to appropriately cross-train staff on all vital tasks to insure continuity of operations at all times.

CAPPS

The department continues to make preparations to transition to CAPPS for financial reporting. Trainings and prototyping sessions have been in process are ongoing to facilitate a smooth transition to implementation in September 2021.

Procedures

The department continues its identification of certain tasks that require an update or review of procedures. An inventory of procedures will be updated and supplemented as other tasks are identified or procedures completed.

Other Items

The Accounting department will begin working with Garza/Gonzalez & Associates on internal audits of the investment administration of the Texas Financial Education Endowment fund and fiscal management in the coming months.

OFFICE OF CONSUMER CREDIT COMMISSIONER
EXECUTIVE SUMMARY

As of November 30, 2020

	FY 2019	FY 2020	FISCAL YEAR 2021				
			1st QTR	2nd QTR	3rd QTR	4th QTR	FYTD
CONSUMER PROTECTION							
Monies Returned (000)	14,578	4,391	808				808
Regulated Lenders Examinations	942	576	250				250
Property Tax Lender Examinations	30	7	1				1
Pawnshop Examinations	473	276	22				22
Motor Vehicle Examinations	2,463	1,350	288				288
Credit Access Businesses Examinations	475	284	14				14
CONSUMER ASSISTANCE							
Telephone Complaints Received	510	459	100				100
Written Complaints Received	1,151	1,303	274				274
Total Complaints Closed	1,737	1,756	430				430
% of Written Complaints Closed within 90 Calendar Days	85.4%	86.6%	92.8%				92.8%
ADMINISTRATIVE ENFORCEMENT ACTIONS							
Originated	417	188	112				112
Finalized	324	270	80				80
LICENSING AND REGISTRATION							
Licenses							
Regulated Loan Licenses	4,031	4,213	4,221				4,221
Pawnshop Licenses	1,538	1,504	1,529				1,529
Pawnshop Employee Licenses	7,345	1,670	1,760				1,760
Commercial MV Sales Fin. Licenses	49	54	58				58
Motor Vehicle Sales Finance Licenses	8,700	9,711	9,905				9,905
Property Tax Loan Licenses	84	78	78				78
Mortgage Loan Originators	284	266	274				274
Credit Access Business Licenses	1,928	1,808	1,800				1,800
Registrations							
Registered Creditors	7,585	6,921	7,220				7,220
Crafted Precious Metal Dealers	517	657	102				102
Debt Management Service Providers	100	101	102				102
Refund Anticipation Loan Facilitators	2,750	3,169	3,271				3,271
Applications							
Business -- New	1,679	1,621	284				284
Business -- Change of Ownership	131	87	18				18
Pawnshop Employees -- New	3,640	630	99				99
HUMAN RESOURCES DATA							
Field Examiners Staffing	49	44	43				43
Total Staffing	81	73	73.5				73.5

Office of Consumer Credit Commissioner
Actual Performance for Output Measures
Fiscal Year 2021

Type/Strategy/Measure	2021 Target	2021 Actual	2021 YTD	Percent of Annual Target
Output Measures-Key				
CONSUMER PROTECTION				
1-1-1 Complaint Resolution				
1. # Complaints Closed				
Quarter 1	1,750	430	430	24.6%
2-1-1 Examination and Enforcement				
1. # Examinations Completed				
Quarter 1	2,500	575	575	23.0%
EFFECTIVE LICENSING & REGISTRATION				
2-2-1 Licensing and Registration				
1. # Business License Applications Processed				
Quarter 1	1,750	284	284	16.2%
The Licensing Department had increased call volume and customer service contact in September and October due to motor vehicle renewal, which focused resources and time on these tasks and took time away from application processing, resulting in a lower number of applications processed in Q1 of FY 21. Application processing will increase during the remainder of the fiscal year. The department was also working to fill an administrative assistant vacancy during this time, which has since been filled.				
FINANCIAL EDUCATION				
3-3-1 Financial Education				
1. # People Receiving Direct Educational Services				
Quarter 1	775	247	247	31.9%
The Financial Education department exceeded first quarter goals for the number of people receiving direct education services as a result of increased attendance at agency webinars.				

*Varies by 5% or more from target.



Legal Department Report

Michael Rigby, General Counsel

February 2021

Enforcement Report

Order Revoking Motor Vehicle Sales Finance License

The OCCC has revoked the license of 1and2 Automotive LLC, a motor vehicle sales finance dealer. 1and2 violated the Texas Finance Code by increasing the cash price for a vehicle if the consumer financed the transaction. Between 2015 and 2020, the OCCC received 35 complaints about 1and2. 1and2 failed to respond to the OCCC's requests for information, and ceased conducting business at its licensed locations. In October 2020, the OCCC issued an Order of Revocation against 1and2. 1and2 did not request a hearing, and the revocation is now final and enforceable.

Contested Cases on Orders for Unlicensed Activity

The OCCC currently has two hearings scheduled before the State Office of Administrative Hearings (SOAH). Both matters involve motor vehicle retail installment contracts purportedly transferred from 1and2 Automotive LLC, the motor vehicle sales finance dealer discussed above.

The first matter is *Office of Consumer Credit Commissioner v. Auto Bueno, LLC d/b/a The Auto Cave and North Texas Financial, LLC* (SOAH Docket No. 466-21-1012). In November 2020, the OCCC issued an Amended Order to Cease and Desist Unlicensed Activity, Take Affirmative Action, and Make Restitution, alleging that Auto Bueno and North Texas Financial engaged in unlicensed activity by purporting to acquire retail installment contracts from 1and2. Auto Bueno and North Texas Financial requested a hearing on the order, and a hearing before SOAH is scheduled for March 30, 2021.

The second matter is *Office of Consumer Credit Commissioner v. PrimaLend Capital Partners, LP and Good Floor Loans LLC* (SOAH Docket No. 466-21-1015). In November 2020, the OCCC issued an Order to Cease and Desist Unlicensed Activity, Take Affirmative Action, and Make Restitution, alleging that PrimaLend and Good Floor engaged in unlicensed activity by purporting to acquire retail installment contracts from 1and2. PrimaLend and Good Floor requested a hearing on the order, and a hearing before SOAH is scheduled for April 6, 2021.

Performance Report

The following table summarizes enforcement actions closed by the OCCC during the last four fiscal years. These figures reflect enforcement actions that have been fully resolved by formal order, informal resolution, or dismissal. Actions that are still pending are not included in the table.

Enforcement Actions Closed as of January 31, 2021				
	FYTD 2021	FY 2020	FY 2019	FY 2018
Crafted Precious Metal Dealer	0	1	0	0
Credit Access Business	28	27	53	27
Debt Management Provider	0	9	10	5
Manufactured Housing	0	0	0	0
Motor Vehicle Sales Finance	5	54	20	19
Motor Vehicle Sales Finance Commercial	0	0	0	0
Pawnshop	48	44	82	39
Pawnshop Employee	0	0	67	48
Property Tax Lender	0	1	8	2
Registered Creditor	0	1	0	1
Regulated Lender	27	49	22	12
Residential Mortgage Loan Originator	0	0	0	1
Total Injunction Actions	108	186	262	154
Crafted Precious Metal Dealer	0	1	0	0
Credit Access Business	9	11	14	6
Debt Management Provider	0	3	0	1
Motor Vehicle Sales Finance	5	13	19	26
Pawnshop	15	29	12	6
Pawnshop Employee	0	0	0	0
Property Tax Lender	0	3	6	6
Regulated Lender	18	18	7	0
Residential Mortgage Loan Originator	0	0	0	0
Total Administrative Penalty Actions	47	78	58	45
Crafted Precious Metal Dealer	0	0	0	0
Credit Access Business	1	0	1	0
Motor Vehicle Sales Finance	1	2	0	1
Pawnshop	0	0	0	0
Pawnshop Employee	0	0	1	0
Property Tax Lender	0	0	0	0
Regulated Lender	0	1	0	0
Residential Mortgage Loan Originator	0	0	0	0
Total Revocation / Suspension Actions	2	3	2	1
Credit Access Business	0	0	0	0
Motor Vehicle Sales Finance	1	3	2	0
Pawnshop	0	0	0	0
Pawnshop Employee	0	0	0	0
Property Tax Lender	0	0	0	0
Regulated Lender	0	0	0	0
Residential Mortgage Loan Originator	0	0	0	0
Total App. Denial and Protest Actions	1	3	2	0
Total Actions Closed	158	270	324	200

The table below includes data on performance measures the legal department is tracking.

September 1, 2020, through January 31, 2021	
Cases Opened	114
Cases Closed	158
Average Number of Days to Close an Enforcement Action	84
Contested Cases Referred to SOAH	2
Contested Cases Heard at SOAH	0
Enforcement Actions Taken and Closed by Final Order	145

The OCCC has one SOAH hearing scheduled between February 1, 2021, and March 31, 2021.

Rule Actions

The OCCC is not presenting any rule actions at the February meeting.

Federal Rulemaking

OCC True Lender Rule

On October 27, 2020, the Office of the Comptroller of the Currency (OCC) issued a final rule identifying the “true lender” in loans where a bank partners with another company. The OCC’s rule states that a national bank makes a loan if it is named as the lender in the loan agreement or funds the loan. The proposal rejects the “predominant economic interest” standard used by some state courts. *See, e.g., CashCall, Inc. v. Morrissey*, 2014 W. Va. LEXIS 587 (W. Va. 2014) (finding that CashCall was true lender of unsecured consumer loans, despite loan contracts listing the bank as the lender, because CashCall purchased all loans from the bank within three days of origination and bore the economic risk of the loans).

On January 5, 2021, the states of New York, California, Colorado, Massachusetts, Minnesota, New Jersey, North Carolina, and the District of Columbia filed a federal lawsuit against the OCC in the Southern District of New York, alleging that the rule exceeds the OCC’s statutory authority and does not comply with the federal Dodd-Frank Act’s preemption provisions (case no. 1:21-cv-00057).

CFPB Debt Collection Rule

On October 30, 2020, the Consumer Financial Protection Bureau (CFPB) issued the first part of its final rule to implement the federal Fair Debt Collection Practices Act, which protects consumers against harassment by third-party debt collectors. The first part of the rule generally limits collectors to no more than seven attempts by telephone per week to reach a consumer about a specific debt. This part also allows consumers to opt out of future communications by email or text message.

On December 18, 2020, the CFPB issued the second part of the final rule. The second part prohibits taking or threatening legal action on time-barred debt. This part also prohibits passive collections, which occur when a debt collector reports a debt to a credit bureau before first contacting the consumer. The rule includes a model validation notice for a debt collector to send to the consumer, identifying the debt collector and describing the amount of the debt.

Both parts of the final rule are scheduled to go into effect on November 30, 2021.

Advisory Bulletins

From December 1, 2020 to January 31, 2021, the OCCC did not issue any new advisory bulletins.

During this period, the OCCC revised five previously issued advisory bulletins describing COVID-19 emergency measures for OCCC licensees, to explain that the bulletins' guidance is in effect through February 28, 2021.

Official Interpretation Requests

From December 1, 2020 to January 31, 2021, the OCCC did not receive any requests for official interpretations. As of January 31, 2021, there were no pending requests for official interpretations.

Public Information Requests

December 1, 2020, through January 31, 2021	
Requests Received	16
Requests Closed	16
Requests Withdrawn	1
Requests Referred to Office of Attorney General	0
Average Number of Days to Address a Public Information Request	1.7

Gifts Received by the OCCC

From December 1, 2020 to January 31, 2021, the OCCC received no gifts.

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D.

Texas Department of Banking

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Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

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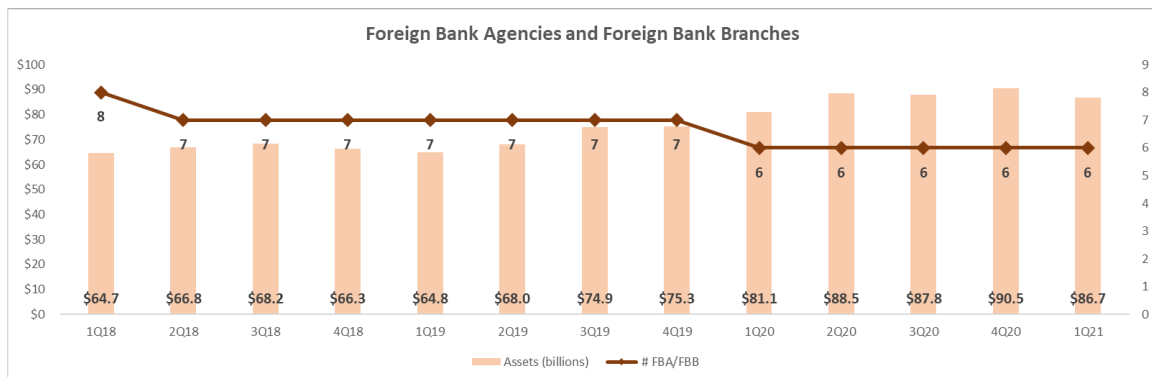
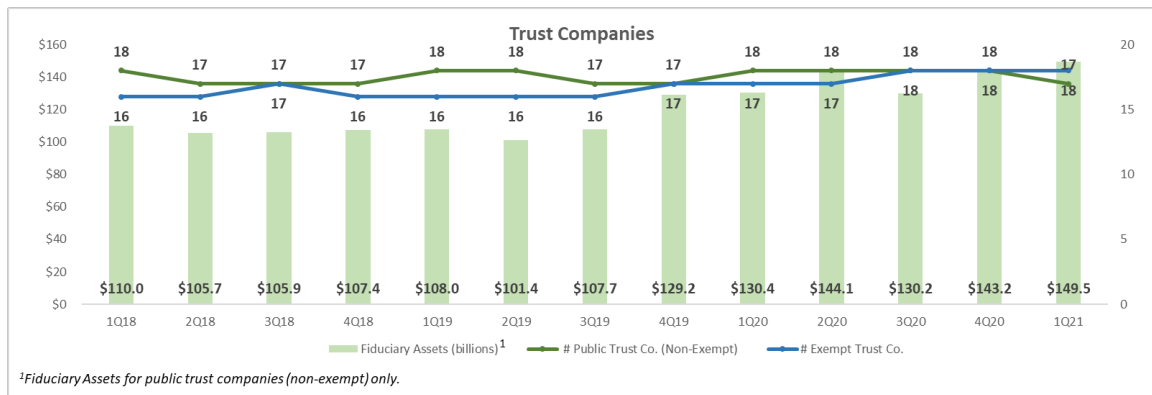
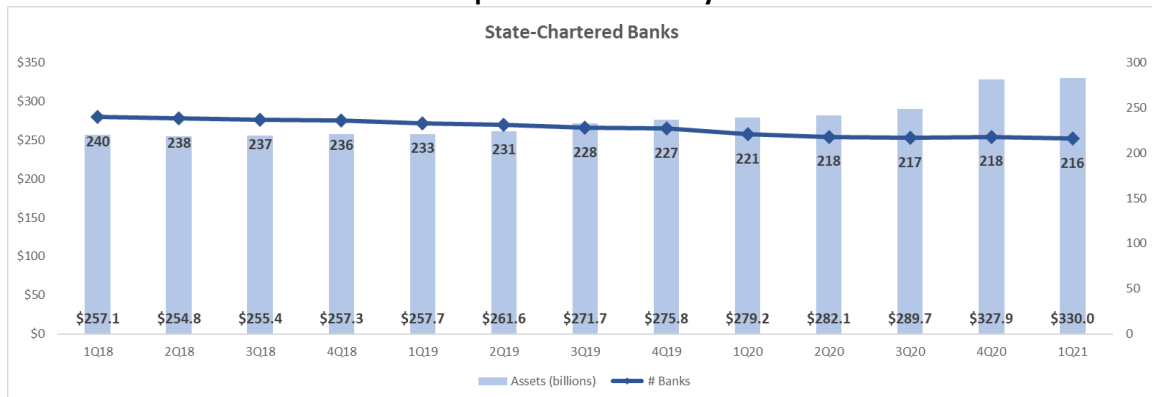
To: Finance Commission Members

From: Daniel Frasier, Director of Bank & Trust Supervision *DBF*

Date: February 3, 2021

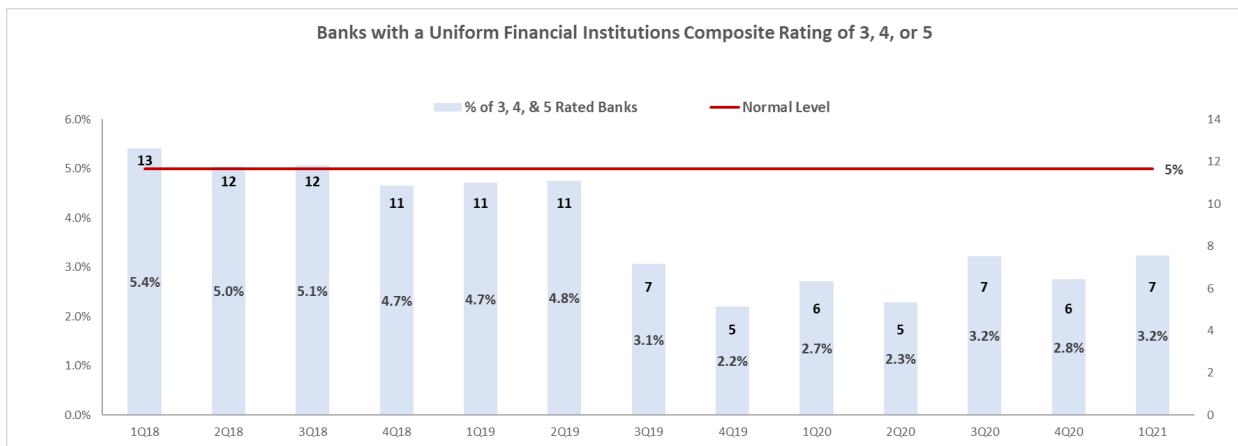
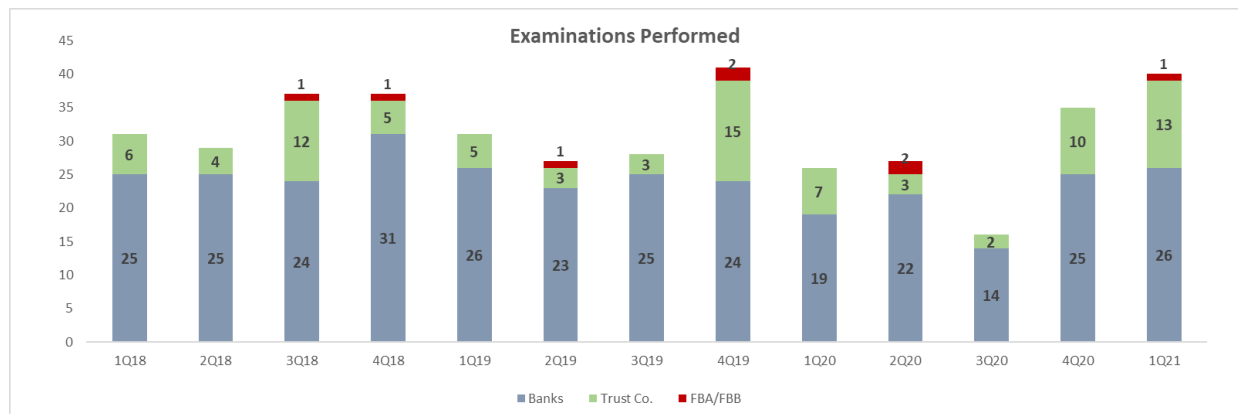
Subject: Summary of the Bank & Trust Supervision Division Activities

Bank and Trust Supervision – Industry Profiles



Summary of the Bank & Trust Supervision Division Activities

Page 2



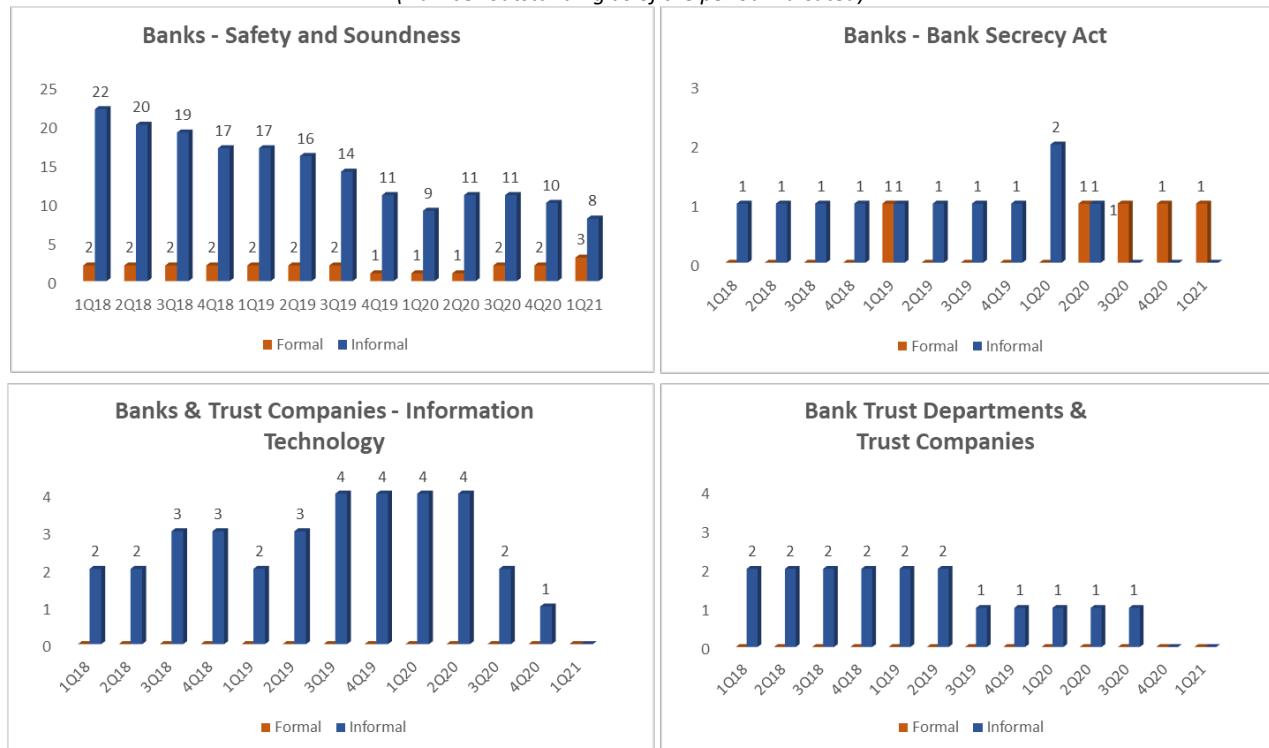
The Department considers any bank with a Uniform Financial Institutions Composite Rating of 3, 4, or 5, to be a problem bank. The number of problem banks is in the normal range between 3% and 5% of the total number of institutions. While we continue to expect the number of problem banks to increase due to the economic fallout from the COVID-19 pandemic, we are cautiously optimistic that additional stimulus measures and COVID-19 vaccine distribution will temper the rise and severity of problems.

Summary of the Bank & Trust Supervision Division Activities

Page 3

Enforcement Actions Outstanding by Type

(Number outstanding as of the period indicated)



Formal actions include Orders to Cease and Desist, Consent Orders, Written Agreements and Supervisor Actions.

Informal actions include Determination Letters, Memoranda of Understanding, Commitment Letters and Board Resolutions.

Compliance actions are not included.

Compliance with Examination Priorities		
Percent of Examinations Conducted within Department Guidelines		
Entity Type	FY 2020	FY 2021 (YTD – Dec. 2020)
Commercial Banks (All / DOB Only)	96% / 94%	88% / 81%
IT	97% / 97%	96% / 100%
Trust	100% / 100%	100% / 100%
Foreign Banks (FRB)	67%	57%
Trust Companies (DOB)	67%	100%
IT	100%	100%

The division is meeting examination priorities for FY 2021 for IT and trust but is outside of guidelines for commercial and foreign bank examinations. Seven commercial bank examinations were started late this fiscal year with an average of 13 days late. The delayed examination starts were primarily the result of catching up on examinations and targeted reviews that were paused due to the pandemic as well as rearranging the schedule to accommodate two conversion investigation examinations. Compliance with

commercial bank examination priorities is expected to improve through the remainder of this fiscal year. Compliance with examination priorities for foreign bank entities is expected to remain a challenge for the remainder of fiscal year 2021 as these examinations are conducted jointly with the Federal Reserve, who is focusing examination efforts on perceived higher risk entities.

Division Highlights

- **SolarWinds Compromise:** On December 16, 2020, the Department sent a Cyber Alert regarding the SolarWinds Compromise to all banks, foreign bank organizations, and trust companies regulated by the agency. Due to the critical nature of the threat, the Department immediately began surveying our regulated financial institutions to make sure that their management team was aware of the threat and to determine if the institution was affected.
- **Newly Commissioned Examiners:** The Bank & Trust Supervision Division is proud to congratulate five examiners for passing the Department's Bank Examination Testing System (BETS) in 2020, and thereby earning their promotion to Commissioned Examiner. The newly commissioned examiners in 2020 are: Paul Moberg, Gavin Garrow, Ellen Henley, Sean Miller, and Devin Giles. The Department modified the BETS process in 2020 to allow examiners to continue their advancement and complete the BETS process while working safely in a COVID-19 environment.
- **COVID-19 Update:**
 - o All examinations continue to be performed offsite as we are taking a cautious approach while the COVID-19 pandemic persists. The Department continues to actively monitor and respond to the changing circumstances brought about by the COVID-19 pandemic. The Department maintains regular communication with regulated entities and performs offsite monitoring of key financial metrics.
 - o The impact of the COVID-19 pandemic to bank loan portfolios has thus far been minimal. Adversely classified asset levels have increased modestly, and overall credit risk remains manageable. Most of our banks provided loan deferrals at the onset of the pandemic to help their customers cope with the situation. Subsequently, feedback from bankers is that a large portion of the deferrals are returning to original payment terms.
 - o On December 27, 2020, the United States Congress passed another COVID-19 relief package that provided an additional round of direct payments to eligible citizens and Second Draw Paycheck Protection Program Loans for qualifying businesses. Once again, bankers are stepping up to assist businesses by processing loan applications and administering needed funds.
- **Special Operations and Conferences:**
 - Beginning on December 7, 2020, Commissioner Charles Cooper attended the virtual Conference of State Bank Supervisors (CSBS) Board Meeting and Bankers Advisory Meeting.

- Beginning on December 9, 2020, many Department staff participated in the virtual CSBS Supervisors Symposium.



Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

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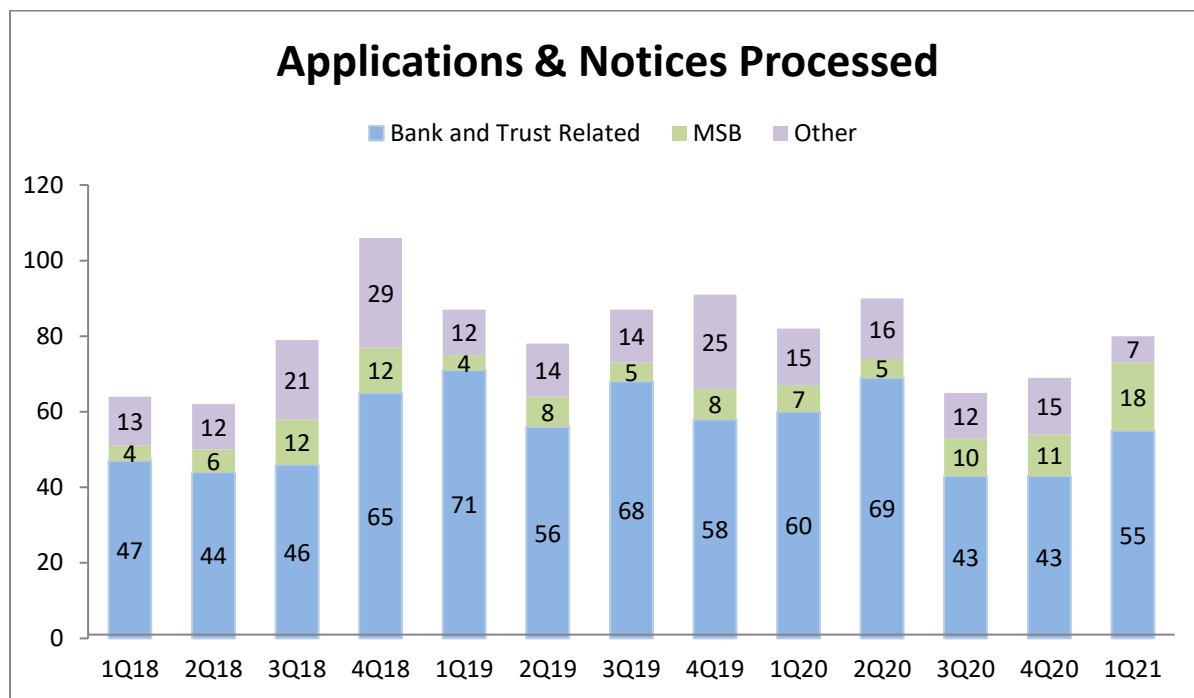
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To: Finance Commission Members

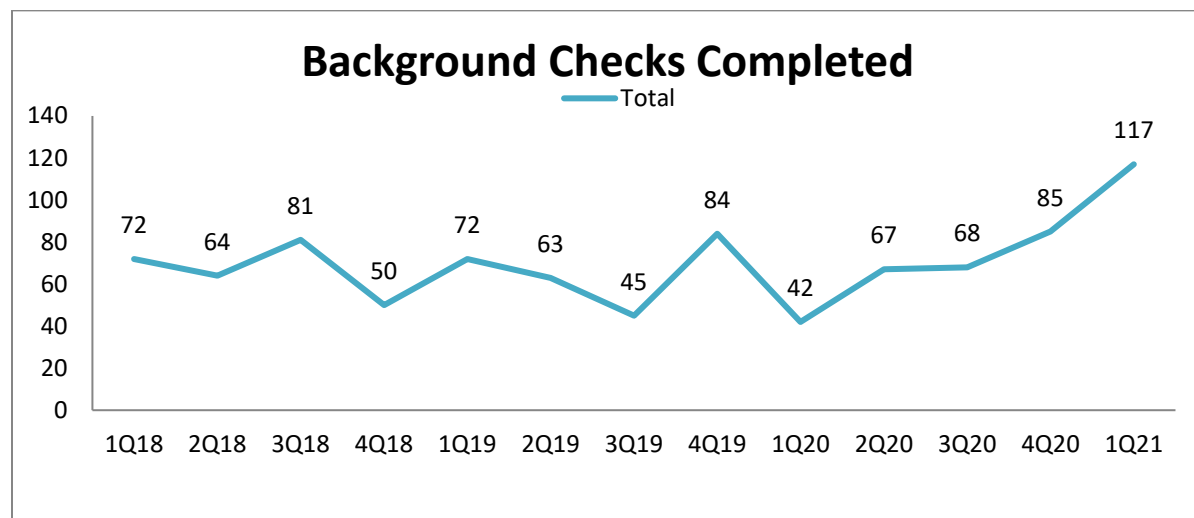
From: Mark Largent, Director of Corporate Activities

Date: February 3, 2021

Subject: Summary of the Corporate Division's Activities



Information on a Fiscal Quarter Basis.



Information on a Fiscal Quarter Basis.

Entities/Activities	Applications and Notices Under Review (as of February 2, 2021)
Bank Related	24
Trust Companies	3
Money Services Business (MSB)	26
Others	7
Totals	60

Division Highlights

- Application volume remains high and at the same level reported at the last Finance Commission meeting. Compared to our last report submitted, the Corporate Division's filings presently under review by category type changed by:
 - Bank related decreased 3 (11%)
 - Trust company decreased 2 (40%)
 - MSB related increased 1 (4%)
 - Other increased 4 (133%)
- **Charter, Conversion, and Merger Activity** – Since the last report to the Finance Commission, the following transactions have consummated:
 - *Banks*
 - Beal Bank, SSB, Plano, Texas, converted to a Texas state bank charter under the name of Beal Bank [estimated gain in state banking assets of approximately \$1.7 billion].
 - Affiliated Bank, N.A., Bedford, Texas, converted to a Texas state bank charter under the name of Susser Bank [estimated gain in state banking assets of approximately \$1.2 billion].
 - First Bank & Trust, Lubbock, Texas, completed its merger with AimBank, Littlefield, Texas [no change in state banking assets].
 - *Trust Companies*
 - Armstrong Avenue Trust Company, L.T.A., Dallas, Texas, a de novo exempt trust company was added to the state system.



Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

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To: Finance Commission Members

From: Jesus "Jesse" Saucillo, Director of Non-Depository Supervision

Date: February 1, 2021

Subject: Summary of Non-Depository Supervision (NDS) Activities

			FY 2021							
Entity	FY 2020		1 st		2 nd		3 rd		4 th	
Industry Profile (# / Assets (billions))										
Money Services Businesses (MSB)	171	\$163.4	181	\$164.1						
Prepaid Funeral Contract (PFC)	353	\$4.3	352	\$4.3						
Perpetual Care Cemeteries (PCC)	243	\$376.5*	243	\$386.7*						
Check Verification Entities (CVE)	2	n/a	2	n/a						
Examinations Performed										
MSB	93		24							
MSB Limited Scope	2		1							
MSB Accepted other State	12		0							
PFC	263		61							
PFC Limited Scope	0		0							
PCC	179		51							
PCC Limited Scope	1		0							
Ratings (# / %) Assigned to All Regulated Entities										
1	298	39.84%	294	38.99%						
2	391	52.27%	389	51.59%						
3	56	7.49%	66	8.75%						
4 & 5	3	0.40%	5	0.67%						
Noncompliance with Examination Priorities (Past Due)										
MSB	14		3							
PFC	2		2							
PCC	0		0							

NOTES:

* PCC \$ amounts reflected in the millions.

Limited scope examinations do not receive a rating.

Examination Activities

Below is additional information on the first quarter FY 2021 examination results reflected on page 1.

- Of the three MSB past due examinations, one was conducted in January 2021, another one will be conducted in February 2021, and the final one will be a coordinated multi-state examination in April 2021.
- The two PFC past due examinations were on average 1.5 months past due but were conducted in January 2021.
- NDS's ability to continue to perform remote examinations has allowed our division to meet all NDS performance measures for the first quarter of fiscal year 2021.
- In January 2021, the division performed its first pilot examination of an MSB utilizing the State Examination System (SES) as part of a coordinated multi-state examination. As discussed in prior Finance Commission memorandums, SES is a new examination management system developed by the Conference of State Bank Supervisors (CSBS) intended to facilitate MSB examinations by improving communication and coordination among the states and licensees. The examination is currently ongoing and feedback regarding SES will be provided to CSBS personnel after the conclusion of the examination.

Division Activities

- In late November 2020, NDS Director Saucillo was appointed as a representative to the State Coordinating Committee (SCC). The SCC is made up of 12 individuals representing the state system of non-depository supervision and is responsible for coordinating the supervision of activities such as MSB, mortgage, debt collection, and payday lending with the Consumer Financial Protection Bureau (CFPB). In January 2021, an SCC telephonic meeting was held to identify state examinations that can be coordinated with CFPB in calendar year 2021. The selected examinations will be discussed with CFPB at a later call to finalize the examinations to be coordinated.
- On December 9th and 10th, NDS Director Saucillo, along with various other Departmental staff, attended the virtual CSBS Supervisors Symposium. The Supervisors Symposium provided various presentations and information regarding the latest developments in financial supervision, which included a session on network supervision.
- On December 16th, the Department issued an Industry Notice to all nonbank entities supervised by our division regarding a Self-Assessment Tool for Mitigating Risks of Ransomware. NDS license holders were provided with a Ransomware Self-Assessment Tool (R-SAT) to assist in mitigating the risk. License holders were provided with the contact information of Departmental personnel for any questions related to the R-SAT. No significant issues were reported to the Department related to the issuance of the R-SAT Industry Notice.

- In December 2020, the Department participated in the multi-state coordinated outreach effort of the largest MSBs to assess the impact of the SolarWinds Orion Code compromise on its systems. As part of the coordinated effort with other MSB state regulators, the Department directly contacted thirteen MSBs and requested that a SolarWinds Nonbank Survey be completed to assess their impact of the compromise, if any. None of the MSBs reported any immediate threats.
- In January 2021, Commissioner Cooper and NDS Director Saucillo attended the annual Multi-State MSB Examination Taskforce (MMET) meeting via multiple video conferences. The MMET is the state representative body charged with coordinating and facilitating multi-state examinations and supervision of MSBs. The MMET consists of ten state regulatory representatives appointed by the Money Transmitter Regulators Association (MTRA) and CSBS. Texas is a CSBS appointee. Several of the virtual meetings included members of MTRA to discuss issues impacting the regulation of MSBs licensed in multiple states.
- NDS conducted final interviews in January 2021 to fill the MSB Financial Examiner I vacancy and anticipates extending a job offer to one candidate in early February 2021.



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Memorandum

To: Finance Commission Members

From: Lori Wright, Director of Human Resources

Date: February 2, 2021

Subject: Summary of the Human Resources Division Activities

Human Resources Fiscal Year 2021 Activities

Active Postings				
Number of Positions	Position	Division	Status	Activities
1	Purchaser V	Administrative Services	Open Until Filled	
1	Programmer V <i>Limited Term</i>	MIS	Open Until Filled	
1	Financial Examiner VII Large Bank Specialist – Central Point of Contact <i>Internal Applicants Only</i>	Bank and Trust	Closes February 12, 2021	

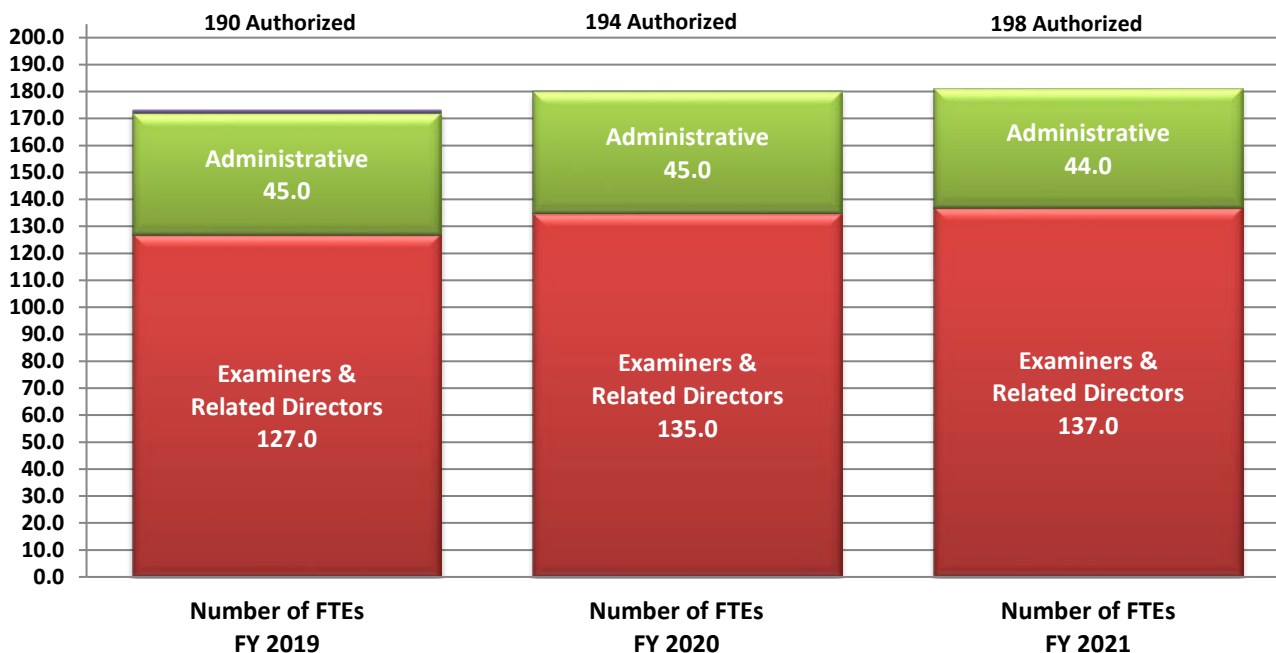
Annual Employee Performance Appraisals

Administering calendar year 2020 employee performance appraisals in NEOGOV.

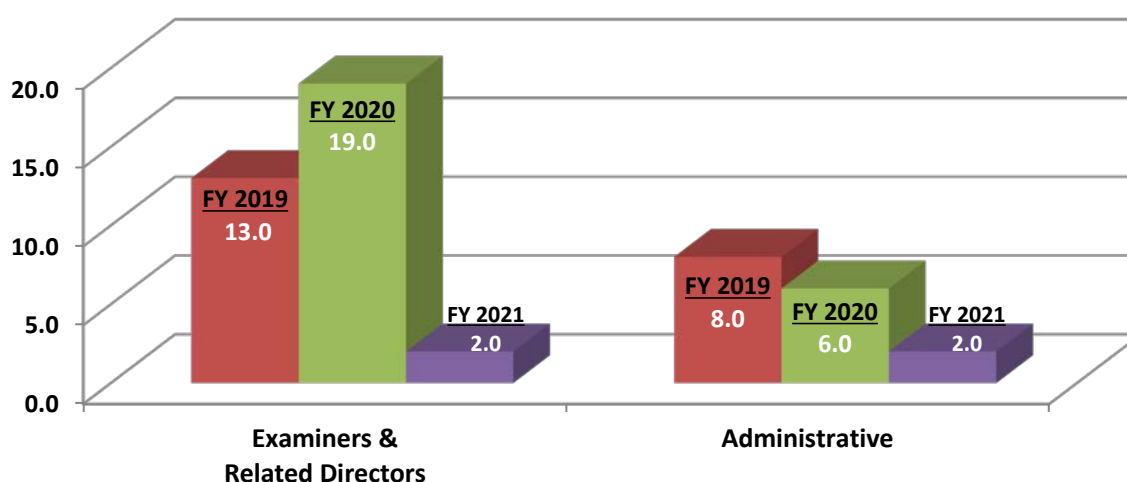
COVID-19

Human Resources continues to track illness, determine FFCRA leave entitlement, and monitor quarantine requirements for Department Staff.

Texas Department of Banking Employee Data for Fiscal Years 2019, 2020 and 2021 as of 01/31/2021



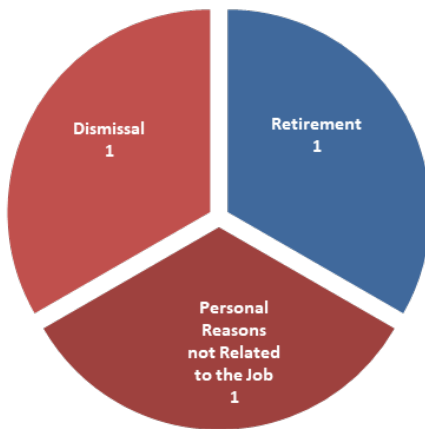
New Hire Data for Fiscal Years 2019, 2020 and 2021



FY 2021 Employee Turnover Reasons

All Employees
3 Resignations

Financial Examiners Only
0 Resignations



As of 01/31/2021

Department of Banking
Actual Performance for Output Measures
Fiscal Year 2021

Type/Strategy/Measure	2021 Target	2021 Actual	2021 YTD	Percent of Annual Target
Output Measures-Key				
1-1-1 Bank Examination				
1. # Bank Examinations Performed				
Quarter 1	89	26	26	29.21%
2. # Foreign/Trust/IT Examinations Performed				
Quarter 1	197	58	58	29.44%
1-2-1 Non-Bank Examination				
1. # NDS Licensees Examined				
Quarter 1	550	137	137	24.91%
1-3-1 Application Processing				
1. # License Applications Completed				
Quarter 1	298	85	85	28.52%

*Varies by 5% or more from target.




Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

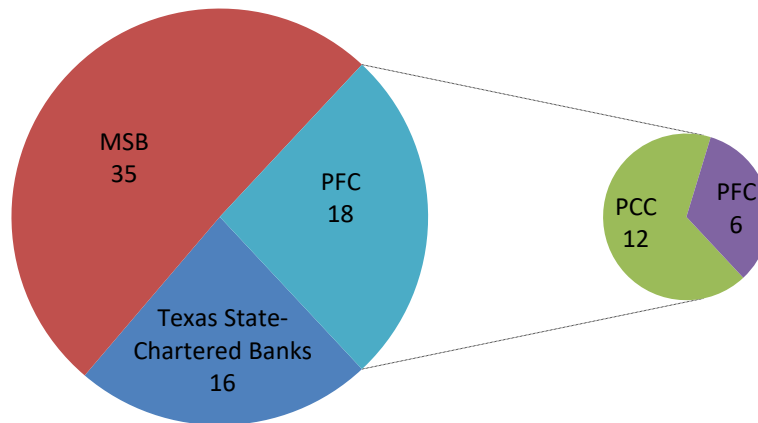
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To: Finance Commission Members
From: Michelle N. Hodge, Director of Strategic Support 
Date: February 2, 2021
Subject: Summary of the Strategic Support Division Activities

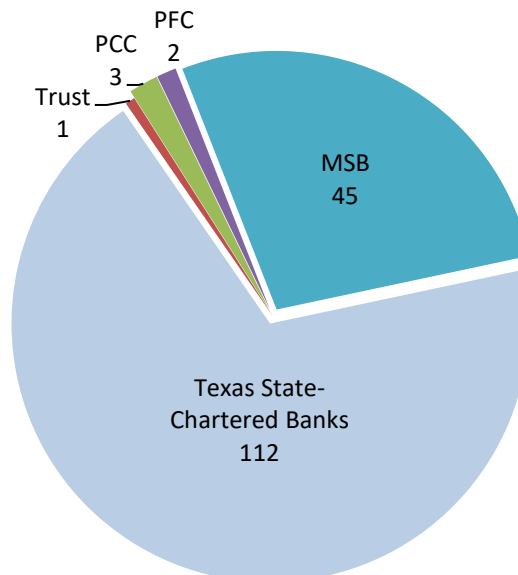
Jurisdictional Written Complaints September 2020 - December 2020



Recoveries = \$11,728.78

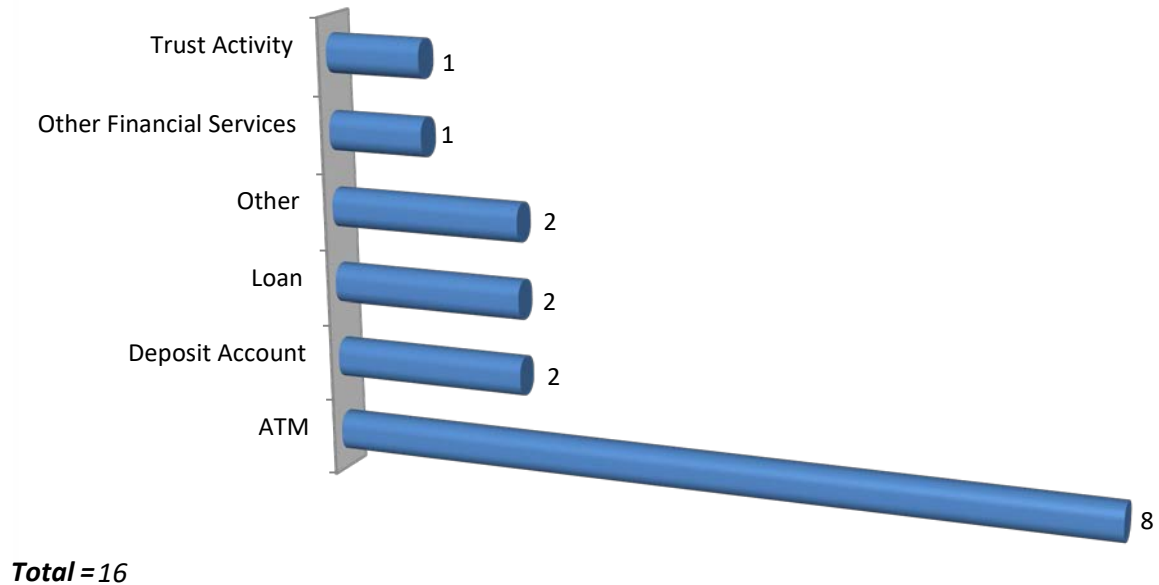
Total = 69

Inquiries on Jurisdictional Entities September 2020 - December 2020

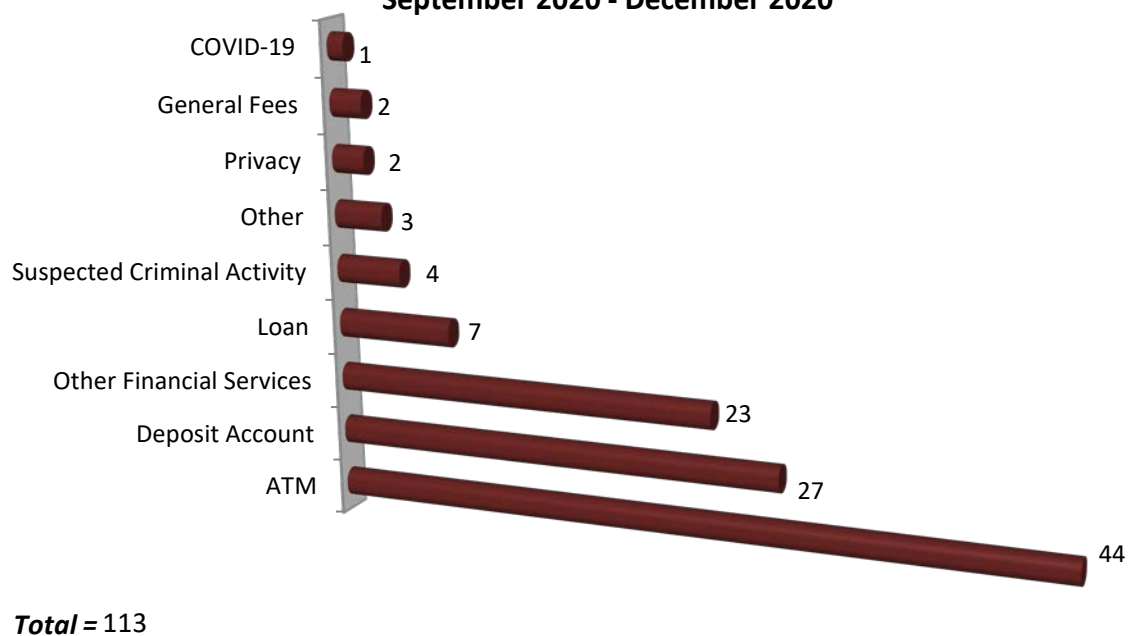


Total = 163

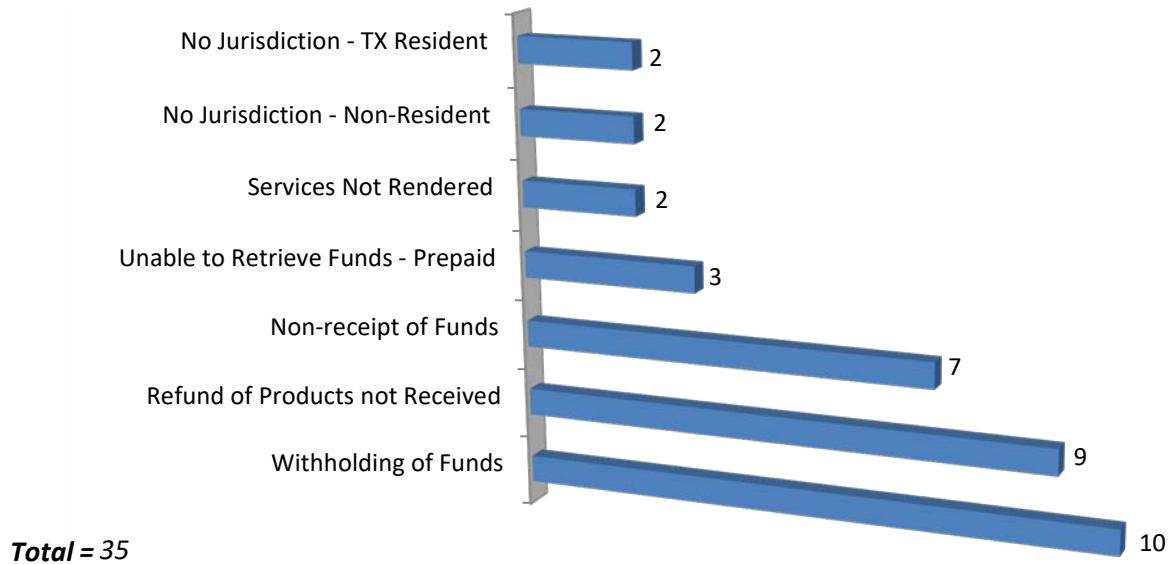
**State-Chartered Banks and Trust Companies
Written Complaints by Type
September 2020 - December 2020**



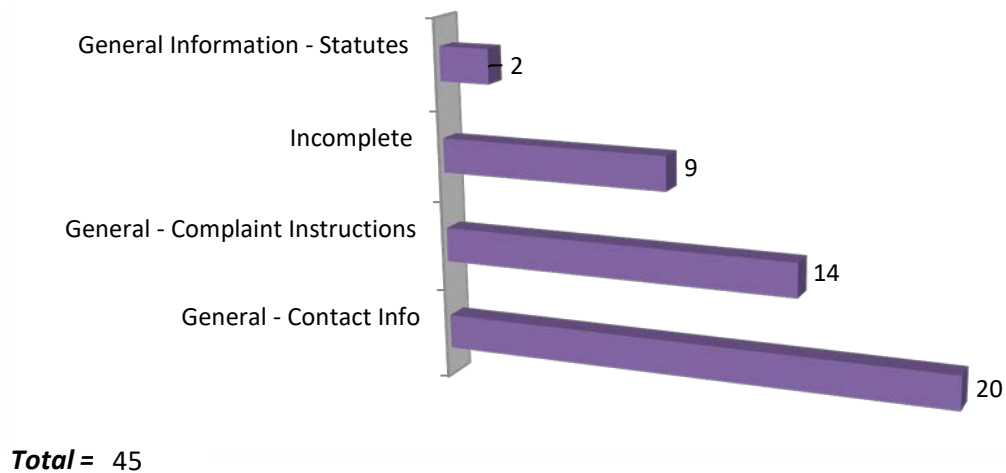
**State-Chartered Banks and Trust Companies
Inquiries by Type
September 2020 - December 2020**



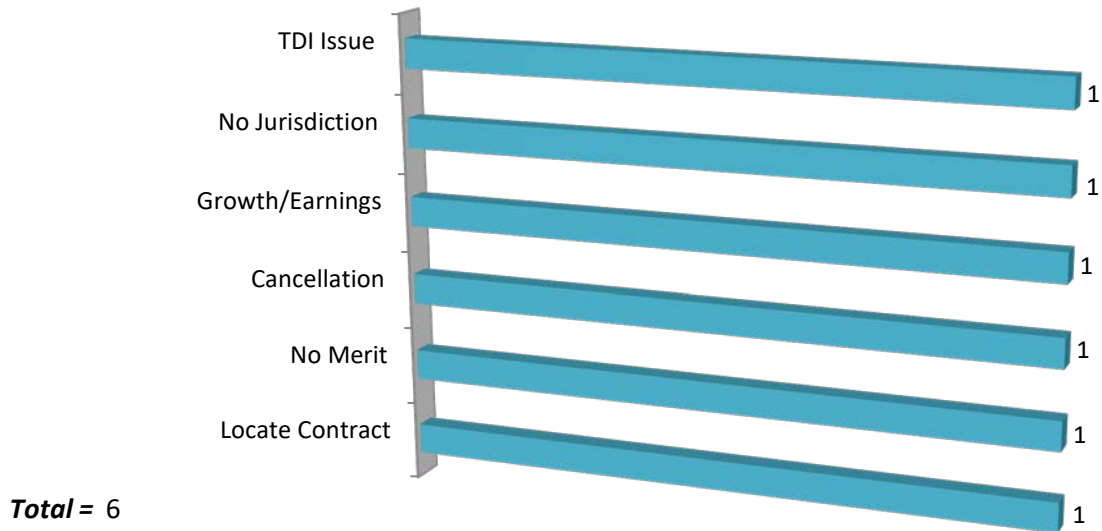
**Money Services Businesses
Written Complaints by Type
September 2020 - December 2020**



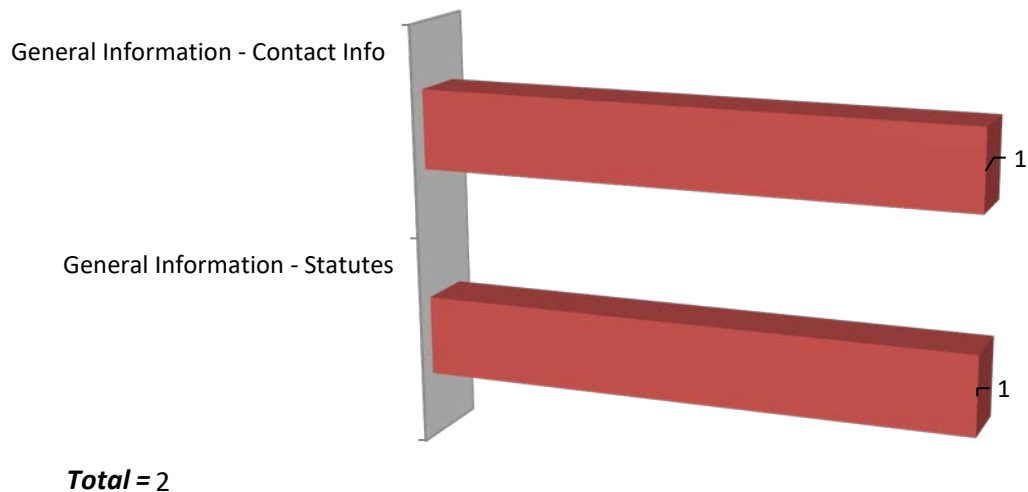
**Money Services Businesses
Inquiries by Type
September 2020 - December 2020**



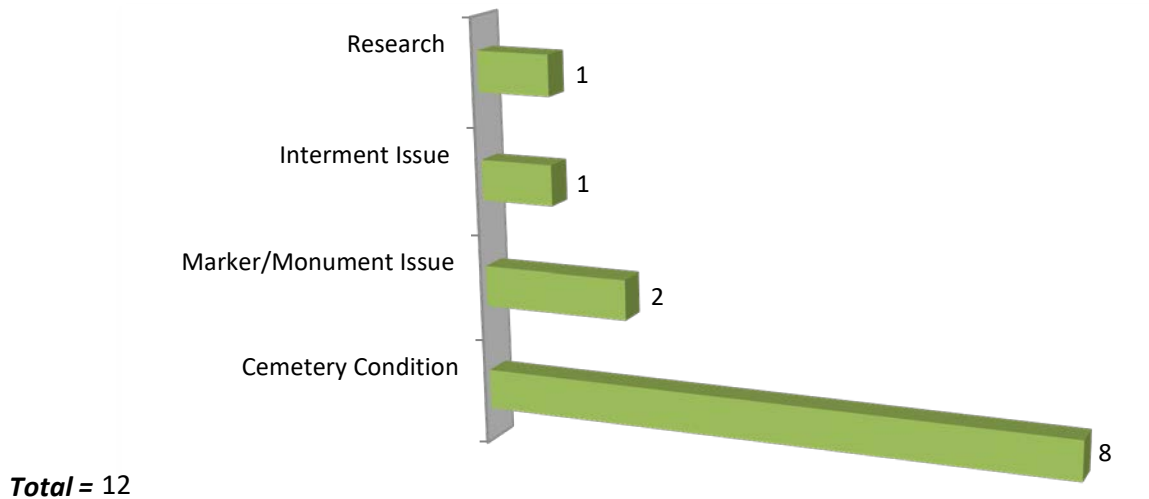
**Prepaid Funeral Contract Sellers
Written Complaints by Type
September 2020 - December 2020**



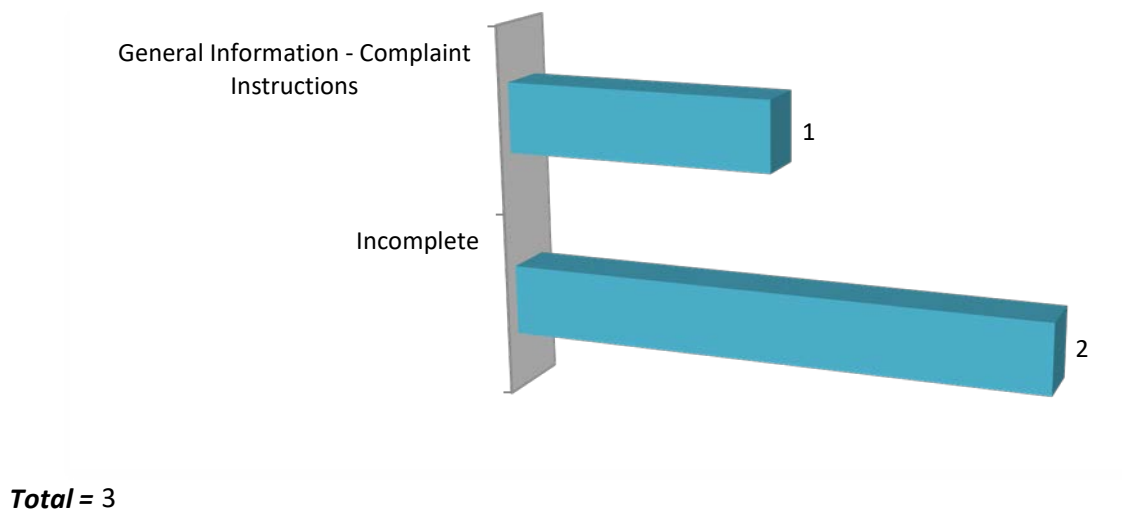
**Prepaid Funeral Contract Sellers
Inquiries by Type
September 2020 - December 2020**



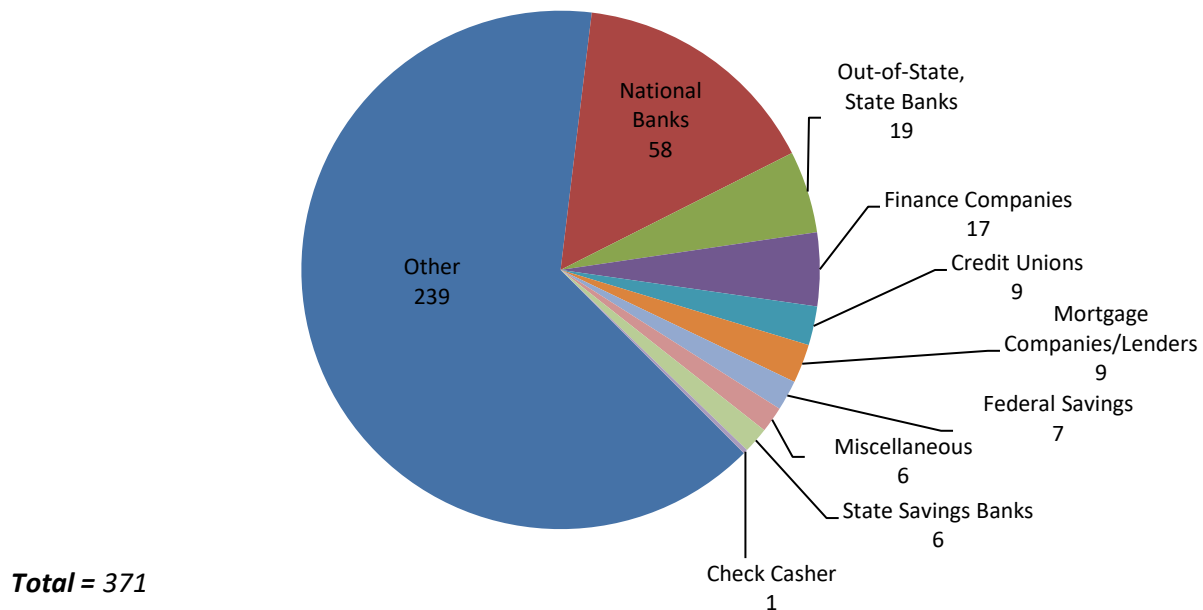
**Perpetual Care Cemeteries
Written Complaints by Type
September 2020 - December 2020**



**Perpetual Care Cemeteries
Inquiries by Type
September 2020 - December 2020**



Complaints and Inquiries Against Non-Jurisdictional Entities September 2020 - December 2020



Often, consumers do not provide the name of the entity they need assistance with. In these situations, the communication is categorized in the "Other" category.

Complaint Activities Information by Quarter

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
State-Chartered Banks				
Avg. Number of Days to Close a Written Complaint	55	N/A	N/A	N/A
Percentage of Written Complaints Resolved Within 90 days	100%	N/A	N/A	N/A
Number of Written Complaints Resolved	13	N/A	N/A	N/A
Trust				
Avg. Number of Days to Close a Written Complaint	N/A	N/A	N/A	N/A
Percentage of Written Complaints Resolved Within 90 days	N/A	N/A	N/A	N/A
Number of Written Complaints Resolved	N/A	N/A	N/A	N/A
PFC/PCC				
Avg. Number of Days to Close a Written Complaint	22	N/A	N/A	N/A
Percentage of Written Complaints Resolved Within 90 days	100%	N/A	N/A	N/A
Number of Written Complaints Resolved	15	N/A	N/A	N/A
MSB				
Avg. Number of Days to Close a Written Complaint	24	N/A	N/A	N/A
Percentage of Written Complaints Resolved Within 90 days	100%	N/A	N/A	N/A
Number of Written Complaints Resolved	27	N/A	N/A	N/A

Closed Account Notification System (CANS) ACTIVITY

January 1, 2018 – February 1, 2021

Entity	Enrolled	Compromised Accounts Reported
Texas State-Chartered Banks	192	304
Texas State-Chartered Savings Banks	24	41
Federal Savings Banks	11	N/A
State Credit Unions	132	610
Federal Credit Unions	229	254
National Banks	170	98
Out-of-State State-Chartered Banks	12	95
Out-of-State National Banks	6	N/A
Total	776	1,402

Bank Examination Testing System (BETS) Activity

Number of Candidates Passing Each Phase

	FY 2018	FY 2019	FY 2020	FY 2021 As of 01/31/21
I. General Knowledge	6	3	4*	2
II. Loan Analysis	3	5	7	N/A
III. Panel	2	5	10	1
IV. Test Bank	3	4	7	4
Total FE3	22	19	15	19

Promotions

Commissioned Examiners	2	5*	7	4
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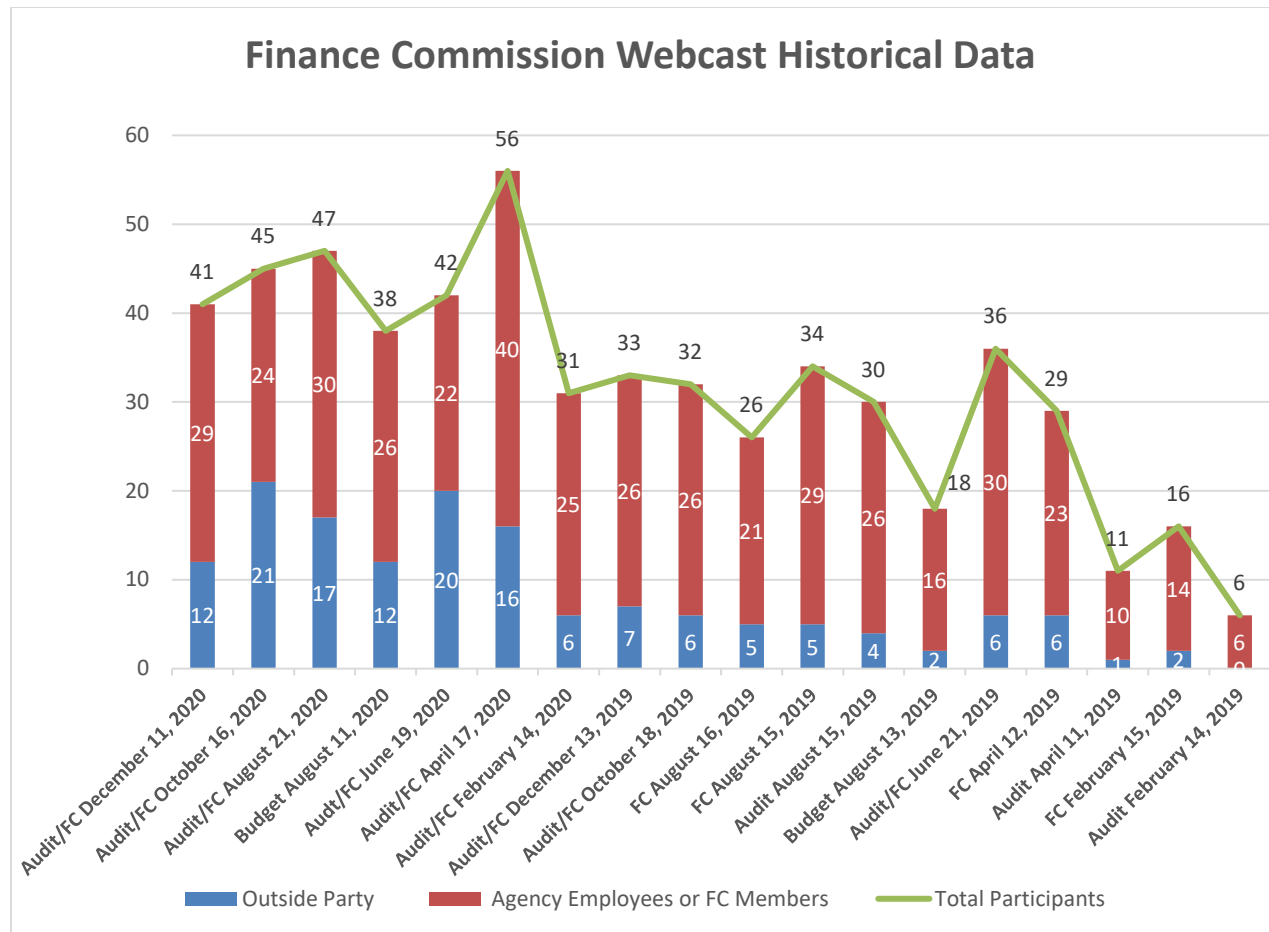
*Includes a FE V Credit Specialist

Other Divisional Items:

- *87th Legislative Session*
 - The Texas Legislature convened on Tuesday, January 12, 2021. The first weekly tracking report on bills of interest to the Finance Commission (FC) was provided to each FC member on January 19, 2021. Senate Committee assignments have been provided to FC members as well. House Committee assignments are expected in early February. As of January 27, 2021, the Department is tracking 122 bills. Bill tracking reports are updated weekly and posted on the Department's intranet (DOBIE) to help keep agency staff informed of legislative activities.
- *Rate the Department*
 - The annual Rate the Department survey opened on January 4, 2021. The survey is available to chartered, registered, or licensed entities to provide feedback on their

experience in communicating or working with Department personnel over the last 12 months. The survey closes on February 8, 2021 and the results will be available at the next Finance Commission of Texas meeting.

- *Publications*
 - The Winter edition of the [Texas Bank Report](#) with September 30, 2020 financial data was released on January 14, 2021 on the Department of Banking's website.
 - The following were updated with September 30, 2020 financial data:
 - [Agency Profile](#) – An overview of the Department and its regulated and licensed entities.
 - [Texas Banking Activity](#) – Contains all state and national banking activity in Texas.
 - [Top 100 Banks](#) – List of Texas banks by asset size.
- *Personnel and Policies Manual Updates*
 - Personnel Manual
 - Section 10 – Travel/Per Diem Guidelines and Reimbursement was updated to add clarity and consistency to agency travel guidelines, rules, policies, and processing of travel vouchers. (January)
 - Revised Administrative Memorandums (AM)
 - AM 2014 – Military Employment Rights (December)
 - AM 2042 – Deletion of Records (December)
- *New Examiner Bulletin (XB)*
 - XB 2020-05 Supplement – Call-In Memorandum and Report of Examination Comments Related to COVID-19 (December)
- *Examination Procedure Updates*
 - Planning & Control Procedure for Banks (December)
 - Management Procedure for Banks (January)
 - Loans and Leases Procedure for Banks (January)
 - IT Request List modified to include completed Ransomware Self-Assessment Tool (January)
- *Examiners' Council*
 - Examiners' Council met virtually the week of January 11, 2021 to review examination work papers for commercial, trust, and IT. The Examiners' Council also recommended changes to planning documents for commercial and trust examinations and one commercial examination procedure.
- *Staff Training*
 - Michelle Hodge attended the CSBS Supervisors Symposium. (December)
 - Wendy Rodriguez attended the CSBS Supervisors Symposium. (December)



* Webcast data is not available for the October 2018 and December 2018 meetings held at the capitol.



Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

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Memorandum

TO: Finance Commission Members
FROM: Catherine Reyer, General Counsel
DATE: February 1, 2021
RE: Legal Division Update

Litigation

Daniel J. Shea v. Mid-America Mortgage, Inc., Hon. Greg Abbott, and Philip A. Holt; Cause No. 2019-22261, in the 55th Judicial District Court of Harris County, Texas. This case was filed in July 2020, alleging wrongful denial of the plaintiff's application to obtain cash-out refinancing of his home. We have obtained representation on behalf of Chairman Holt through the Office of the Attorney General (OAG). On 12/4/20, Judge Latosha Payne granted the OAG's plea to the jurisdiction, dismissing the case against Governor Abbott and Chairman Holt; however, between the time the motion was filed and the order was issued, Mr. Shea filed a fourth amended petition. On 1/8/21, plaintiff added Commissioner Caroline Jones as an additional defendant. OAG response is pending.

E. Edward Okpa vs. Charles G. Cooper, Texas Banking Commissioner, Texas Department of Banking, Cause No. D-1-GN-20-005368, in the 53rd Judicial District Court of Travis County, Texas. This case was filed 9/28/20, seeking a declaratory judgment that the plaintiff's proposed business model would not require a money transmission license under the Texas Finance Code. On 1/22/21, the OAG filed its answer on behalf of the Commissioner and the Department.

Pending Contested Cases

There are no cases currently set for administrative hearing. Several investigations are ongoing.

Orders Issued 12/1/20 – 1/31/21

During this time period, the Commissioner issued seven enforcement orders, six of which are public, final and non-appealable¹:

Non-Depository Supervision

- Consent Order dated December 2, 2020; Wyre Payments, Inc., San Francisco, CA
- Consent Order dated December 16, 2020; Wave Financial USA, Inc., Denver, CO
- Consent Order dated January 19, 2021; Viventium Software, Inc., Berkeley Heights, NJ
- Consent Order dated January 25, 2021; Insperity Payroll Services, LLC, Austin, TX
- Consent Order dated January 28, 2021; CSG Forte Payments, Inc., Allen, TX

¹ One consent order was issued against a bank; this order is confidential by statute.

Bank and Trust Supervision

- Prohibition Order dated December 4, 2020; Milimo S. “Millie” Reed, Richmond, TX

Public Information Requests

From December 1, 2020 through January 31, 2021, staff received and responded to 17 requests for public information and made one referral to the OAG for an opinion. During the same period, we received and responded to three public information requests addressed to the Finance Commission.

Gifts

The Department has received no gifts since the last Legal Division Update Memo was issued.

FY 2021 Quarterly Order Activity

BANK				
Type of Action	1st	2nd	3rd	4th
Consent Order	1			
Cease & Desist	0			
Supervision	1			
Prohibition	0			
Total	2			
TRUST COMPANY				
Consent Order	0			
Cease & Desist	0			
Supervision	0			
Prohibition	0			
Total	0			
MONEY SERVICES BUSINESS				
Consent Order	7			
Cease & Desist	0			
Final Order After Hearing	0			
Total	7			
PERPETUAL CARE CEMETERY				
Consent Order	0			
Cease & Desist	0			
Refusal to Renew Cert/Auth	0			
Final Order after hearing	0			
Total	0			
PREPAID FUNERAL CONTRACT				
Consent Order	0			
Cease & Desist	0			
Total	0			

2. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC §33.13, Concerning Refund of MSB License Application Fees

PURPOSE: Amendment to §33.13(d)(2) eliminates the ambiguity of the term “promptly” by requiring the applicant to submit missing items within 10 days of the department receiving the application and removes reference to a “subsequent application.” The amendment to §33.13(d)(2) also clarifies that the department will refund an application fee if the missing items are not submitted within 10 days. Thus, as amended, §33.13(d)(2) allows the department to either: (1) return an application and refund the application fee; or (2) apply the fee to the application within 10 days if missing items are submitted. If missing items are not submitted within 10 days, the department will return the application and refund the fee.

Amendment to §33.13(f) clarifies at which point in the application process the application fee becomes non-refundable if the applicant withdraws the application. As amended, §33.13(f) provides that the application fee will not be refunded after the applicant responds to the department’s initial request for additional information pursuant to §33.13(e)(1). Thus, as amended, after the department has requested additional information, an applicant will have the option to either: (1) allow the department to continue to process the application but not receive a refund if the application is later withdrawn; or (2) withdraw their application at that time and receive a refund.

RECOMMENDED ACTION: No comments were received regarding the proposed amendments to 7 TAC §33.13. The Department recommends that the Commission approve adoption of the amendments without changes to the proposal as previously published in the *Texas Register*.

RECOMMENDED MOTION: I move that we adopt the amendments to 7 TAC §33.13 without changes to the proposal as previously published in the *Texas Register*.

Title 7. Banking and Securities
Part 2. Texas Department of Banking
Chapter 33. Money Services Businesses
7 TAC §33.13

The Finance Commission of Texas (the commission), on behalf of the Texas Department of Banking (the department), adopts amendments to §33.13, concerning how to obtain a new license and the deadlines associated with applications. The amended rule clarifies the accepted payment form and refund of money services businesses (MSB) license application fees. The amended rule is adopted without changes to the proposed text as published in the December 25, 2020, issue of the *Texas Register* (45 TexReg 9372). The amended rule will not be republished.

Amendment to §33.13(d)(1)(B)

Current §33.13(d)(1)(B) requires a MSB license applicant to submit the application fee in the form of a check. In practice, an applicant will often submit the fee through the Nationwide Multistate Licensing System and Registry (NMLS). The adopted amendment clarifies that an applicant may submit the fee either through the NMLS or in the form of a check.

Amendment to §33.13(d)(2)

Current §33.13(d)(2) allows the department to return an MSB license application before processing if the application is missing one of the items required by §33.13(d)(1), such as the application fee, search firm reports, or financial statements. The department can determine if one of these items is missing with an initial cursory review of the application. If the application fee is

submitted, but other items are missing, current §33.13(d)(2) allows the department to either return the application fee or apply it to a “promptly” submitted “subsequent application” containing the missing items. In most cases where the department receives an application missing the required items, an applicant submits the missing items within several business days and before the department returns the application or fee; therefore, the department applies the fee to the initial application and no subsequent application is submitted. If a subsequent application or the missing items are not submitted promptly, it is unclear under current §33.13(d)(2) whether the department is required to refund the fee.

The adopted amendment to §33.13(d)(2) eliminates the ambiguity of the term “promptly” by requiring the applicant to submit missing items within 10 days of the department receiving the application and removes reference to a “subsequent application.” The adopted amendment to §33.13(d)(2) also clarifies that the department will refund an application fee if the missing items are not submitted within 10 days. Thus, as adopted, §33.13(d)(2) allows the department to either: (1) return an application and refund the application fee; or (2) apply the fee to the application within 10 days if missing items are submitted. If missing items are not submitted within 10 days, the department will return the application and refund the fee.

Amendment to §33.13(f)

When an application contains all required items and is not returned, the department must process and investigate the application

before it is accepted for filing. This often involves making a request for additional information from the applicant pursuant to §33.13(e)(1). After reviewing the additional information, the department can make follow-up requests for additional information pursuant to §33.13(f)(3). If the applicant does not provide the requested information, the application can be considered abandoned pursuant to TAC §33.13(g)(1), and the application fee is not refunded pursuant to §33.13(g)(2). After the department has fully processed and investigated an application, the department accepts the application for filing, and the application fee is non-refundable pursuant to §33.27(d)(1).

In a limited number of cases, an applicant withdraws the application and demands a refund of the fee after the department has made multiple requests for additional information and expended significant resources processing it, but before the department has accepted it for filing. Current §33.13 does not explicitly give the department the right to keep the application fee in these situations.

The adopted amendment to §33.13(f) clarifies at what point in the application process the application fee becomes non-refundable if the applicant withdraws the application. As amended, §33.13(f) provides that the application fee will not be refunded after the applicant responds to the department's initial request for additional information pursuant to §33.13(e)(1). Thus, as amended, after the department has requested additional information, an applicant will have the option to either: (1) allow the department to continue to process the application but not receive a refund if the application is later withdrawn; or (2)

withdraw their application at that time and receive a refund.

The department received no comments regarding the proposed amendments.

The amendments are adopted pursuant to Finance Code, §151.102, which authorizes the commission to adopt rules for the regulation of money services businesses.

§33.13. How Do I Obtain a New License and What are the Deadlines Associated with Applications?

(a) Does this section apply to me? This section applies if you seek a new money transmission or currency exchange license under Finance Code, Chapter 151. The time tables and deadlines established in this section also apply to a request for approval of a proposed change of control of a money services business licensed under Finance Code, Chapter 151.

(b) What must I do to apply for a license? To apply for a new money transmission or currency exchange license, you must:

(1) submit an application on the form prescribed by the department; and

(2) fully complete the application form and provide the information and documentation as specified in the application and the department's instructions.

(c) What does the application process generally involve? The banking commissioner will review your application and, as authorized by Finance Code, Chapter 151, investigate you, your principals including officers, directors and shareholders

of a publicly traded parent if the principal has 25% or more ownership of the applicant, and all related facts to determine if you possess the qualifications and satisfy the requirements for the license for which you apply. At any time during the review and investigation process, the commissioner may require such information as the commissioner considers necessary to evaluate your application, including an opinion of counsel or an opinion, review or compilation prepared by a certified public accountant. It is your responsibility to provide or cause to be provided all the information the commissioner requires.

(d) What is required for the department to begin processing my application?

(1) Your application must provide and be accompanied by the following at the time you submit the application to the department:

(A) your signature or the signature of your duly authorized officer, as applicable, sworn to before a notary, affirming that the information in the application and accompanying documentation is true;

(B) an application fee, in the amount established by commission rule, in the form of a check payable to the Texas Department of Banking or through the Nationwide Multistate Licensing System and Registry;

(C) all required search firm reports; and

(D) if you are applying for a money transmission license:

(i) security in the amount of at least \$300,000 that complies with Finance Code, §151.308,

and an undertaking to increase the amount of the security if additional security is required under that section; and

(ii) an audited financial statement demonstrating that you satisfy the minimum net worth requirement established by Finance Code, §151.307(a), and that, if the license is issued, you are likely to maintain the required minimum; or

(E) if you are applying for a currency exchange license:

(i) security in the amount of \$2,500 that complies with Finance Code, §151.308; and

(ii) a financial statement demonstrating your solvency.

(2) The department may refuse to process and may return to you an application submitted without all the items identified in paragraph (1) of this subsection. If you submit your application fee, but fail to include one or more of the other items identified in paragraph (1) of this subsection, the department will return the application and refund the fee or, if you submit the missing items within 10 days of the department receiving your application, apply the fee to your application. If the missing items are not received within 10 days of the department receiving your application, the department will return the application and refund the fee.

(e) When will the department tell me if my application is complete and accepted for filing? On or before the 15th day after the date the department receives your application, and if the application is not returned as provided for in subsection (d)(2) of this section, the department will notify you

in writing that:

(1) your application is incomplete and the additional information specified in the notice is required before the department will accept your application for filing; or

(2) your application is complete and accepted for filing.

(f) When must I provide the additional information the department requires to consider my application complete and to accept it for filing?

(1) Subject to paragraph (2) of this subsection, the department must receive all information required to consider your application complete and to accept it for filing on or before the 61st day after the date the department receives your initial application.

(2) Upon a finding of good and sufficient cause, the banking commissioner shall grant an applicant additional time to complete the application. Extensions will be communicated to the applicant before the expiration of the filing period.

(3) After reviewing the information you provide in response to the department's initial request for additional information, the department may determine that still more information is required to consider your application complete and to accept it for filing. The department will notify you in writing if further information is required and specify the date by which the department must receive the information.

(4) After the department receives any

information you provide in response to the department's initial request for additional information under subsection (e)(1) of this section, the application fee will not be refunded if you withdraw your application.

(g) What happens if I do not provide the required information?

(1) The banking commissioner may determine that your application is abandoned, without prejudice to your right to file a new application, if the department does not receive the information required in the application and department's instructions or the additional information required by the department within the time specified in subsection (f) of this section or as otherwise requested by the commissioner in writing to you.

(2) The banking commissioner will notify you in writing if your application is considered abandoned. The commissioner's determination is effective the date the department mails you the notice and may not be appealed. The department will not refund the fee you paid in connection with the abandoned application.

(h) After the department accepts my application for filing, when will I know if the application is approved? On or before the 45th day after the date the department accepts your application for filing, the banking commissioner will approve or deny your application and advise you in writing of the decision.

(i) May I appeal the denial of my application? Yes. If the banking commissioner denies your application, you may appeal the denial in accordance with Finance Code,

§151.205(b).

(j) What if the department does not comply with the application processing times? If the department fails to comply with the application processing times specified in subsections (e) or (h) of this section, you may file a complaint under §33.15 of this title (relating to Failure to Comply with Application Processing Times).

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