

A.

Finance Commission

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FINANCE COMMISSION OF TEXAS

MEETING DATEAugust 15, 2025

MEETING LOCATIONFinance Commission Building
William F. Aldridge Hearing Room
2601 North Lamar Boulevard
Austin, Texas 78705

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

FUTURE MEETING DATESOctober 24, 2025
December 12, 2025
February 20, 2026
April 17, 2026
June 19, 2026
August 21, 2026
October 16, 2026
December 11, 2026

*** 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. Finance Code §11.106*

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FINANCE COMMISSION AGENDA

Friday, August 15, 2025

9:00 a.m.

or Upon Adjournment of the Audit Committee Meeting

Finance Commission Building

William F. Aldridge Hearing Room

2601 North Lamar Boulevard

Austin, Texas 78705

Section A.3 will take up agenda items A1 and D3 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 June 20, 2025 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' 2025 Third Quarter Investment Officer Reports

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

B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Readoption of the Investment Policies for:

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

C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2025 Third Quarter Financial Statements

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

D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' Fiscal Year 2026 Operating Budgets

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

- E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action to Approve the Renewal of the Internal Auditor Contract for Garza/Gonzalez and Associates for Fiscal Year 2026
 - F. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Office of Consumer Credit Commissioner's 2025 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez and Associates
 - G. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Department of Savings and Mortgage Lending's 2025 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez and Associates
 - H. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Activities of the Texas Financial Education Endowment Fund
 - I. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Department of Savings and Mortgage Lending's Mortgage Grant Administration Manual Pursuant to 7 TAC, Part 4, § 52.3(c)
- 6. Discussion of and Possible Vote to Take Action on the Agency Priorities for Fiscal Year 2026 for the Commissioners of the Office of Consumer Credit Commissioner, Department of Savings and Mortgage Lending and the Texas Department of Banking
 - 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 §§ 551.076 and 551.089, Texas Government Code
 - 11. Discussion of Matters Made Confidential by Law Pursuant to § 551.081, Texas Government Code, including Information Relating to the Financial Condition or Business Affairs of a Financial Institution

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
- 2. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation

3. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 1, Chapter 2, Concerning Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner
4. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 5, Chapter 83, Subchapter B, Concerning Rules for Credit Access Businesses
5. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 5, Chapter 85, Subchapter A, Concerning Rules of Operation for Pawnshops

C. 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) Strategic Projects, Initiatives, and Information Resources; e) Legal Division Activities, including Consumer Complaints and Gift Reporting; and f) Legislative Activities
2. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation

Hector Retta, Commissioner of the Department of Savings and Mortgage Lending v. Millard Smith d/b/a Processing Solutions, and Melkeisha Smith; Cause No. 25-DCV-330862, the 458th District Court, Fort Bend County, Texas
3. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 4, Chapter 55, Concerning Residential Mortgage Loan Originators

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 Anticipated and Pending Litigation

Anthony Hrnecir v. Internal Revenue Service, the Texas Department of Banking, et al.; Cause No. 4:24-cv-00692-SDJ-AGD, United States District Court, Eastern District of Texas
3. ***Discussion of and Possible Vote to Take Action on the Adoption of New 7 TAC, Part 2, Chapter 33, § 33.55, Concerning Clarification of Texas Finance Code § 152.004(9)***

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, June 20, 2025

The Finance Commission of Texas convened at 10:08 a.m., on Friday, June 20, 2025, with the following members present:

Finance Commission Members in Attendance:

Phillip Holt, Chairman	Hector Cerna	Sharon McCormick
Laura Warren, Vice Chairman	Kathleen Fields	David Osborn
Bob Borochoff	Martin “Marty” Green	Miguel Romano, Jr.

Finance Commission Members Absent:

Roselyn “Rosie” Morris	Troy Lambden
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Commissioner Charles G. Cooper announced there was a quorum with nine members present. *(1:05 on audio file).*

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. Finance Commission Matters		
1. Review and Approval of the Minutes of the April 25, 2025 Finance Committee Meeting	On Consent Agenda – Item A1 This item Approved on the Consent Agenda.	n/a
2. General Public Comment	No Action Required.	1:22 Start of Discussion
3. Consent Agenda – Items A1, and B2-B4	Laura Warren made a motion to Approve Consent Agenda items A1, and B2-B4. Kathleen Fields seconded, and the motion passed.	1:47 Start of Discussion 2:07 Vote
4. Finance Commission Operations	No Action Required.	2:25 Start of Discussion
5. Audit Committee Report		
A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Texas Department of Banking’s 2025 Revenue Processing Audit and Follow-Up on Prior Year Recommendations Report as Prepared and Presented by Garza/Gonzalez and Associates	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Texas Department of Banking’s 2025 Revenue Processing Audit and Follow-Up on Prior Year Recommendations Report as Prepared and Presented by Garza/Gonzales and Associates passed.	3:51 Start of Discussion 4:09 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Texas Department of Banking's 2025 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez and Associates	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Texas Department of Banking's 2025 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez and Associates passed.	4:22 Start of Discussion 4:32 Vote
C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Activities of the Texas Financial Education Endowment Fund	No Action Required.	n/a
D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Revised Texas Financial Education Endowment Fund Grant Administration & Advisory Policy Manual and 2026-2027 Funding Priorities	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Revised Texas Financial Education Endowment Fund Grant Administration & Advisory Policy Manual and 2026-2027 Funding Priorities passed.	4:46 Start of Discussion 4:59 Vote
E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action to Approve an Amount for the Upcoming 2026-2027 Grant Cycle for the Texas Financial Education Endowment	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve \$850,000 for the Upcoming 2026-2027 Grant Cycle for the Texas Financial Education Endowment passed.	5:14 Start of Discussion 5:42 Vote
6. Discussion of and Possible Vote to Take Action Regarding Personnel Matters Pursuant to § 551.074, Texas Government Code: Deliberations with Respect to the Duties and Compensation of a Person Holding the Position of Executive Director of the Finance Commission, Deliberations with Respect to the Duties and Compensation of Persons Holding the Position of Agency Commissioner Positions, and Other Staff	No Discussion.	n/a
7. Discussion of and Possible Vote to Take Action Regarding Facility Planning and Real Property Matters Pursuant to § 551.072, Texas Government Code: Deliberations Regarding the Purchase, Exchange, Lease or Value of Real Property	No Discussion.	n/a

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
8. Discussion of and Consultation with Attorney and Possible Vote to Take Action Pursuant to § 551.071, Texas Government Code, for the Purpose of Seeking the Advice or Attorney-client Privileged Communications from our Attorneys, Including Matters Related to the Potential Financial Exposure of the Finance Commission Agencies and Their Officers and the Finance Commission and its Officers and Including Matters of Pending and Contemplated Litigation	No Discussion.	n/a
9. 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 §§ 551.076 and 551.089, Texas Government Code	No Discussion.	n/a
10. Discussion of Matters Made Confidential by Law Pursuant to § 551.0811, Texas Government Code, including Information Relating to the Financial Condition or Business Affairs of a Financial Institution	No Discussion.	n/a
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) Strategic Projects, Initiatives, and Information Resources; e) Legal Division Activities, including Consumer Complaints and Gift Reporting; and f) Legislative Activities	No Action Required.	6:11 Start of Discussion
2. Discussion of and Possible Vote to Take Action on the Adoption of Amendments, New Rules and Repeals in 7 TAC, Part 4, Chapter 51, Department Administration, Resulting from Rule Review	On Consent Agenda – Item B2 This item Approved on the Consent Agenda.	n/a
3. Discussion of and Possible Vote to Take Action on the Adoption of New Rules in 7 TAC, Part 4, Chapter 52, Mortgage Grant Fund, Resulting from Rule Review	On Consent Agenda – Item B3 This item Approved on the Consent Agenda.	n/a

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
4. Discussion of and Possible Vote to Take Action on the Adoption of New Rules in 7 TAC, Part 4, Chapter 53, Recovery Claims, Resulting from Rule Review	On Consent Agenda – Item B4 This item Approved on the Consent Agenda.	n/a
5. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	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.	23:57 Start of Discussion
2. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 1, Chapter 3, § 3.36, Concerning Special Examination and Investigation Fees for State Banks	No Discussion.	n/a
3. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 2, Chapter 17, § 17.22, Concerning Examination and Investigation Fees for State Trust Companies	No Discussion	n/a
4. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of New 7 TAC, Part 2, Chapter 33, § 33.55, Concerning Clarification of Texas Finance Code § 152.004(9)	Laura Warren made a motion to Approve the Proposal and Publication for Comment of New 7 TAC, Part 2, Chapter 33, § 33.55, Concerning Clarification of Texas Finance Code § 152.004(9). Marty Green seconded, and the motion passed.	44:43 Start of Discussion 47:18 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<p>5. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation</p> <p><i>Anthony Hrcir v. Internal Revenue Service, the Texas Department of Banking, et al.; Cause No. 4:24-cv-00692-SDJ-AGD, United States District Court, Eastern District of Texas</i></p> <p><i>Ifeoluwa Adeuusi v. State of Texas, the Texas Department of Banking, et al.; Cause No. JP07-24-SC00011762, Small Claims Court, Tarrant County, Texas</i></p>	No Action Required.	n/a
D. Office of Consumer Credit Commissioner		
<p>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; and e) Legal Division Activities; and f) Legislative Activities</p>	No Action Required.	47:51 Start of Discussion
<p>2. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation</p>	No Discussion.	n/a

There being no further business, Chairman Phillip Holt adjourned the meeting of the Finance Commission at 11:20 a.m. (1:11:50 on the audio file).

Phillip Holt, Chairman
Finance Commission of Texas

Charles G. Cooper, Executive Director
Finance Commission of Texas

Ruth Wright, Executive Assistant
Finance Commission of Texas

Finance Commission of Texas

Consent Agenda

August 15, 2025

A. Finance Commission Matters

1. Review and Approval of the Minutes of the June 20, 2025 Finance Commission Meeting

D. Texas Department of Banking

3. Discussion of and Possible Vote to Take Action on the Adoption of New 7 TAC, Part 2, Chapter 33, § 33.55, Concerning Clarification of Texas Finance Code § 152.004(9)

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Office of Consumer Credit Commissioner

Agency Priorities

FY 2026

1. LEGISLATIVE

1.1. Legislative Interim Studies.

1.1.1. Objective: Participate in legislative interim studies and provide information and research to the Texas Legislature.

Measure: Respond promptly to legislative requests for information. Communicate with the Finance Commission regarding interim legislative activity.

2. REGULATORY ACTIVITIES

2.1. Regulated Entities - Supervision.

2.1.1. Objective: Examine, investigate, and monitor regulated industry segments for compliance with state and federal law. Address unlawful practices and promote compliance. Achieve overall weighted average acceptable level of compliance of 85% through examinations and industry education efforts. Monitor restitution instructions for licensees with outstanding examination issues.

Measure: Reporting on compliance by regulated industry segment. Number of examinations completed. Report the rate of satisfactory compliance. Report the amount of restitution returned to consumers as a result of examinations.

2.1.2. Objective: Actively participate in regulatory activities, conferences, and scheduled meetings relating to consumer finance, auto finance, and payday lending. Engage in and respond as appropriate to developing issues that impact the OCCC or its regulated entities.

Measure: Maintain active contact with other state and federal regulators, independently and through regulatory associations to keep abreast of trends and emerging issues that may impact the OCCC's regulatory responsibilities or the regulated industries. Report on participation and attendance at regulatory conferences.

2.1.3. Objective: Utilize the State Examination System (SES) for all regulated lender examinations. Continue to expand usage of SES for other types of examinations. Develop, refine, and implement a solution to address department requirements, such as scheduling and performance reporting, not present in SES.

Measure: Report on the number of exams and exam types completed in SES.

- 2.1.4. Objective:** Take appropriate enforcement actions to ensure compliance with state and federal law.

Measure: Report number of enforcement actions for each regulated industry.

2.2. Licensing.

- 2.2.1. Objective:** Maintain a focus on ensuring compliance of regulatory and agency standards. Process 75% of license applications within 60 days from received date to completion date.

Measure: Report on license activities, benchmarks and application processing status.

- 2.2.2 Objective:** Provide quality customer service to licensees and registrants. Ensure timely and responsive customer inquiry processing. Provide professional development and training opportunities to licensing staff once a quarter.

Measure: Report on call abandonment rate and professional development training provided to staff.

- 2.2.3 Objective:** Continue transition of business licenses to NMLS including Regulated Lender licenses, Credit Access Business licenses, and Motor Vehicle Sales Finance licenses.

Measure: Report on transition activities and application processing status.

3. POLICY AND RULE DEVELOPMENT

3.1. Rulemaking.

- 3.1.1. Objective:** Complete rule reviews for the following rule chapters: 7 TAC Chapter 2 (relating to residential mortgage loan originators), Chapter 83, Subchapter A (relating to regulated lenders), Chapter 86 (relating to registered creditors), Chapter 88 (relating to debt management service providers), and Chapter 89 (relating to property tax lenders)

Measure: Present rules to the Finance Commission for readoption according to schedule. Propose appropriate rule amendments to the Finance Commission. Request feedback from stakeholders on updates to applicable rules.

- 3.1.2. Objective:** Prepare any rule proposals necessary to implement 2025 legislation. Work with stakeholders to seek feedback on proposed rules.

Measure: Present rules to the Finance Commission for proposal and adoption. Request feedback from stakeholders on proposed rules.

- 3.1.3. Objective:** Review and restructure annual assessment amounts for licenses and registrations. Ensure that assessments are sufficient to fund the ongoing costs of regulation, in accordance with the OCC's self-directed, semi-independent status.

Measure: Request feedback from stakeholders on proposed changes to assessment amounts. Present appropriate rule amendments to the Finance Commission for proposal and adoption.

4. CONSUMER ISSUES / COMMUNICATION & OUTREACH STRATEGIES

4.1 Texas Financial Education Endowment Fund (TFEE).

4.1.1. Objective: Administer the 2024-2025 TFEE grant cycle, including monitoring and reporting on the progress and impact of grant award recipient performance. Review reimbursement submissions, reports, and publish semi-annual reports. Launch the application process for the 2026-2027 TFEE grant cycle, including expanding outreach, reviewing forms, manuals, and reimbursement procedures to ensure best practices.

Measure: Reporting on fund activities, investment earnings, grant request submissions, grants awarded, and grantee reporting highlights. Identify and implement ways in which to improve and expand the grant program based on report findings and program needs.

4.2 Financial Education

4.2.1. Objective: Provide and support financial education by conducting events to empower Texans to improve their financial health through sound financial decisions. Conduct outreach to community organizations, state agencies, non-profit organizations, and consumer advocacy groups that may benefit from financial education events. Identify traditionally underserved populations and locations in need of financial education. Offer financial education content via remote and in person learning opportunities.

Measure: Report on number of people and programs reached.

4.3. Industry and Stakeholder Outreach

4.3.1. Objective: Communicate and build relationships with industry and interested stakeholders on matters of supervisory and industry interest. Monitor emerging issues in the agency's areas of regulation and communicate the impact to regulated and licensed entities. Develop publications that address topics of interest and share with regulated and licensed entities. Participate in or attend industry meetings or seminars.

Measure: Report to the Finance Commission on the content and frequency of communications.

5. AGENCY MANAGEMENT

5.1. Performance Measures.

5.1.1. Objective: Performance Targets. Meet or exceed 80% of key performance targets within $\pm 5\%$ of the projected target.

Measure: Continue to meet or exceed the strategic planning goals for key performance measures, including attainment of at least 9 out of 11 key performance targets. Report results to Finance Commission on a quarterly basis.

5.2. Human Resources.

5.2.1. Objective: Recruit and retain qualified personnel with the appropriate skill set necessary to meet short and long-term needs. Continue efforts to right size staffing, based on performance requirements. Ensure administrative staff receives adequate training to minimize institutional knowledge loss due to work separation or retirement. Maintain competitive compensation schedules. Continue efforts to be proactive in competitive salary administration.

Measure: Report on turnover ratio, training initiatives and retention efforts. Maintain competitive financial examiners career development and progression path.

5.2.2. Objective: Ensure that Financial Examiners receive a minimum of 35 hours of continuing education and training. Build examiner professional development through progressive certifications through the career ladder within the Financial Examiner series. Develop an examiner enrollment and training plan for SES.

Measure: Report on the Financial Examiner training opportunities, attainment of minimum training hours, examiner certification progression, and SES training events.

5.3. Financial and Self-Directed, Semi-Independent Status.

5.3.1. Objective: Ensure that the agency's revenues and expenditures are appropriate and balanced and maintain a cash reserve or fund balance in compliance with Finance Commission policies. Provide greater data reliability, more efficient transactional processing, and enhanced reporting.

Measure: Review internal financial statements and variances on a monthly basis. Submit quarterly financial data relating to the agency's financial position and fund balance for review by the Finance Commission.

5.3.2 Objective: Work on planning efforts associated with the relocation of the Finance Commission facility.

Measure: Report progress related to the relocation of the Finance Commission agencies to the building committee periodically.

5.3.3. Objective: Periodically review internal controls and processes to improve the efficiency and effectiveness of the agency. Coordinate with the Department of Banking and Savings and Mortgage Lending Department, when possible, to minimize duplication of duties and processes.

Measure: Report on improvements identified and implemented.

5.4. Information Technology.

5.4.1 Objective: ALECS Maintenance, NMLS Migration, and Website Rebuild. Maintain the ALECS platform, upgrade structural components as needed, and mitigate vulnerabilities in the aging application. Continue the phased process of migrating industry groups to the Nationwide Multistate Licensing System & Registry (NMLS), refining strategy and execution as needed. Rebuild the agency's main website on a different platform to reduce long-term maintenance requirements and hosting costs, involving custom theme creation and modernization of site content to improve usability, accessibility, and alignment with current standards. Develop and deploy the hardware infrastructure to host the websites in a secure and manageable environment that supports scalability and operational resilience.

Measure: Reporting on ALECS activities, website rebuild, and development of additional applications or features.

5.4.2 Objective: Technology Modernization and Security Enhancements. Continuously evaluate OCCC's technology posture, keeping resources up-to-date and deploying modern technology improvements and security enhancements. Streamline and optimize IT operations to enhance infrastructure efficiency, automate routine processes, and adopt technologies that simplify maintenance, reduce operational costs and fortify cybersecurity.

Measure: Reporting on technology modernization efforts and security enhancements.

FY 26 Performance Measures Office of Consumer Credit Commissioner		FY 26 Target	FY 25 Target
Consumer Protection:			
Outcome Measures (Annual)			
Key	Monies returned to consumers	\$5,000,000	\$4,000,000
Key	Percentage of written complaints closed within 90 days ¹	85%	85%
Key	Percentage of examinations reporting acceptable level of compliance ²	85%	85%
	Percentage of licensed locations and registered offices examined annually	18%	17%
	Percentage of enforcement actions closed within targeted timeframe	75%	75%
Output Measures (Quarterly)			
Key	Number of complaints closed ¹	1750	1750
Key	Number of examinations completed ¹	2700	2700
	Number of investigations completed	75	75
	Number of enforcement actions taken	150	150
	Number of contested cases docketed at SOAH	3	3
	Number of compliance aids and tools published	30	30
	Number of industry stakeholder and outreach events hosted or attended by OCCC staff	30	30
Efficiency Measures (Annual)			
	Average number of days for all complaints to reach final disposition	60	60
	Average number of days to close a complaint	45	45
	Average direct cost per complaint ²	\$160	\$160
	Average direct cost per examination	\$1,600	\$1,600
Key	Average number of days to close an enforcement action	100	100
Effective Licensing & Registration:			
Outcome Measures (Annual)			
Key	Percentage of business license applications processed within 60 days	75%	80%
Output Measures (Quarterly)			
Key	Number of business license applications processed ¹	1200	1200
	Number of pawnshop employee license applications processed	200	250
	Number of residential mortgage loan originator licenses processed ¹	225	225
Efficiency Measures (Annual)			
Key	Average processing time (days) for business license applications	60	58
	Average processing time (days) for pawnshop employee applications	38	38
	Average processing time (days) for residential mortgage loan originators	30	30
Efficient and Effective Agency Operation:			
Outcome Measures (Annual)			
Key	Percentage of regular employees separated from the agency ¹	15%	15%
	Percentage of public information requests addressed within 5 business days	80%	80%
	Percentage of actual expenditures to budgeted expenditures ¹	94%	94%
Output Measures (Quarterly)			
	Number of public information requests closed	140	160
	Number of public information requests withdrawn	5	8
Efficiency Measures (Annual)			
	Average number of days to address a public information request	3	3
Explanatory Measures (Annual)			
	Number of public information requests received	145	168
Financial Education:			
Output Measures (Quarterly)			
Key	Number of people receiving direct educational services	650	650
	Percentage of TFEE award recipients who reached their consumer participation goal within the grant period	100%	100%

¹ These measures are comparable to similar measures with the Departments of Banking and Savings and Mortgage Lending

² These measures are comparable to similar measures with the Department of Savings and Mortgage Lending

Agency Priorities for Fiscal Year 2026

I. Legislative

I.1 Objective: Monitor the activities of the Texas Legislature during the interim, including any special sessions of the 89th Legislature. If there is a special session, track legislation that may significantly affect SML or its regulated industries.

Measure: Report legislative activity that may significantly affect SML or its regulated industries to the Finance Commission.

Status:

I.2 Objective: Serve as a resource for the Texas Legislature and other members of state leadership by responding promptly and accurately to any information requests and providing comprehensive resource materials.

Measure: Report any testimony given by SML to the Finance Commission.

Status:

II. Regulatory Activities

II.1 Objective: Monitor and analyze the agency's performance against performance measures targets to assess the agency's regulatory and administrative efforts to effectively and efficiently meet SML's goals.

Measure: Meet or exceed performance measures. Report performance measures quarterly to the Finance Commission.

Status:

II.2 Objective: Monitor the savings banks' risk profile to understand how the changing economic environment may impact overall conditions. Take supervisory action when necessary and ensure supervisory action is appropriate to address risk within the portfolio.

Measure: Complete off-site monitoring of savings banks on a quarterly basis to identify changes in the risk profile of savings banks. Report the overall condition of the portfolio and supervisory actions taken to the Finance Commission.

Status:

II.3 Objective: Continue compliance examinations of mortgage companies, mortgage bankers residential mortgage loan originators, and mortgage servicers to ensure compliance with applicable laws and regulations when conducting business with Texas consumers. Analyze recurring examination findings and take steps to communicate best practices to the mortgage industry.

Measure: Prioritize the examination schedule to focus on non-compliant, multi-state, and complaint-driven examinations and initiate appropriate enforcement actions for violations, as necessary.

Status:

DEPARTMENT OF **SAVINGS AND MORTGAGE LENDING**

II.4 Objective: Take enforcement action against mortgage companies, mortgage bankers, residential mortgage loan originators, and mortgage servicers when appropriate to ensure compliance with applicable law for which SML is charged with administration and enforcement.

Measure: Report enforcement actions taken by SML to the Finance Commission.

Status:

II.5 Objective: Resolve consumer complaints timely.

Measure:

- a. Report the aging of complaints to the Finance Commission.
- b. Conduct a management review of any complaint open over 120 days to identify issues preventing closure.
- c. Conduct customer satisfaction surveys of complaints regularly.

Status:

II.6 Objective: Process complete applications for a license or registration timely.

Measure:

- a. Monitor the timeliness of the application process for a license or registration.
- b. Conduct customer satisfaction surveys of applicants regularly.

Status:

II.7 Objective: Remain active and involved at the national level on supervisory issues affecting savings banks and the mortgage industry.

Measure:

- a. Maintain contact with state regulators from other states, regulatory associations (e.g., ACSSS, CSBS, and AARMR), trade associations, (e.g., TBA, IBAT, TMBA, ATMP, TLTA, and TAR), and federal regulators (e.g., CFPB, FDIC, FRB), to stay current on events, decisions, other state and federal policies and other areas of actual and potential impact on SML's regulatory functions or the industries. Take proactive steps to respond to issues significantly affecting SML's regulated industries or its supervisory duties.
- b. Continue working with the FDIC and FRB, and other federal agencies as appropriate, on examinations, supervision, and consumer complaint resolution issues. Monitor federal rule writing activity and interpretations of existing statutes.
- c. Report to the Finance Commission on interaction with federal agencies in all of the above-listed activities.

Status:

II.8 Objective: Retain mortgage accreditation with CSBS-AARMR.

Measure: Provide the final outcome letter from CSBS-AARMR on the accreditation review to the Finance Commission.

Status:

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

III. Policy and Rule Development

III.1 Objective: Conduct rule review of 7 TAC Chapter 75 (Savings Banks)

Measure: Complete the rule review process. Present rule changes identified during rule review to the Finance Commission.

Status:

III.2 Objective: Adopt rule changes necessary to implement legislation enacted by the 89th Legislature.

Measure: Present rule changes to the Finance Commission for proposal and adoption.

Status:

IV. Outreach and Communications

IV.1 Objective: Communicate with regulated industries on matters of supervisory and industry interest, including emerging issues such as artificial intelligence and digital assets to ensure the industries are well informed and prepared for technological and regulatory change.

Measure: Report relevant communications and events to the Finance Commission.

Status:

IV.2 Objective: Administer the Mortgage Grant Fund (MGF) grant program. Administer the MGF 2025-2026 grant cycle, including processing reimbursement requests, tracking grantee performance, and monitoring compliance by grantees with program requirements.

Measure: Report MGF activities to the Finance Commission Audit Committee.

Status:

V. Agency Operations

V.1 Objective: Recruit a highly-skilled and adaptable workforce prepared to meet future challenges. Train and cross-train employees as needed to minimize knowledge loss from staff turnover and build organizational agility in response to emerging issues in the regulated industries. Provide opportunities for professional development through individualized training plans.

Measure: Report staffing and training activities, actions to retain staff, and turnover ratios to the Finance Commission.

Status:

V.2 Objective: Meet or exceed 90% of the key performance measures within SML's control. Strive to reduce deficiencies, if any, in the performance measures outside SML's control. (See Attachment A for all Performance Measures.)

Measure: Provide regular updates to the Finance Commission regarding performance measures.

Status:

DEPARTMENT OF **SAVINGS AND MORTGAGE LENDING**

V.3 Objective: Periodically review internal controls, business processes, and implemented technologies to identify improvements that increase SML's efficiency and effectiveness. Coordinate with the Office of Consumer Credit Commissioner and Department of Banking, when possible, to minimize duplication of duties and processes.

Measure: Report relevant activities to the Finance Commission.

Status:

V.4 Objective: Monitor SML's budgeted and actual revenues, expenditures, and reserve balances, as approved by the Finance Commission, to maximize the responsiveness and flexibility allowed by SML's Self-Directed Semi-Independent status. Make decisions relating to finances in a fiscally prudent manner.

Measure: Report revenue and expenditure variances to the budget to the Finance Commission.

Status:

V.5 Objective: Ensure information technology is kept current to maintain the effectiveness and quality of work product of SML. Safeguard the integrity of data and information technology networks and systems. Assess and deploy new technologies while ensuring robust data protection measures and adherence to ethical standards.

Measure: Report relevant activities to the Finance Commission.

Status:

V.6 Objective: Monitor emergencies, man-made or natural disasters, or pandemics as they relate to SML or its regulated industries.

Measure: Report relevant activities to the Finance Commission.

Status:

V.7 Objective: Work on planning efforts associated with the relocation of the Finance Commission facility.

Measure: Report progress related to the relocation of the Finance Commission agencies to the building committee periodically.

Status:



DEPARTMENT OF
**SAVINGS AND
MORTGAGE LENDING**
HECTOR RETTA, COMMISSIONER

Performance Measures Targets for Fiscal Year 2026

01-01 Thrift Safety and Soundness			FY26 Target	FY25 Target
	Outcome Measures (Annual)			
Key	01	Percentage of State Chartered Savings Institutions Receiving Examination within the Required Timeframes	100%	100%
Key	02	Percentage of Savings Institutions Classified Safe and Sound	80%	80%
Non-Key	04	Percentage of State Chartered Savings Institution Applications Processed within Statutory Timeframes	100%	100%
	Output Measures (Quarterly)			
Key	01	Number of State Chartered Savings Institution Examinations Performed	20	17
Non-Key	04	Number of State Chartered Savings Institution Applications Processed	10	10
	Efficiency Measures (Annual)			
Non-Key	01	Assets Examined Per Examiner Day (in Millions)	\$115	\$122.30
Non-Key	02	Average Time (Business Days) to Complete Analysis of Quarterly Financial Data	7	7
	Explanatory Measure (Annual)			
Key	01	Number of State-Chartered Savings Institutions	21	20
Key	02	Dollar Amount of Assets under Regulation (in Billions)	\$277.1	\$281.10
	02-01 Mortgage Regulation			
	Outcome Measures (Annual)			
Key	01	Percentage of Satisfactory Levels of Compliance Reported through Examination	90%	85%
Key	02	Percentage of Examinations Initiated within Established Timeframes	20%	20%
Key	03	Percentage of Applications Processed within Established Timeframes	85%	85%
	Output Measures (Quarterly)			
Key	01	Number of Applications Processed	10,500	9,350
Key	02	Number of Examination Reports Issued	425	400
	Efficiency Measures (Annual)			
Non-Key	01	Average Cost Per Application Processed	\$125	\$130
	Explanatory Measures (Annual)			
Non-Key	01	Total Number of Licensees/Registrants in an Approved Status	52,000	50,000
Non-Key	02	Number of Licensees Examined	7850	5,000
	03-01 Consumer Responsiveness			
	Outcome Measures (Annual)			
Key	01	Percentage of Complaints Closed within Ten Business Days of Completed Investigation	99%	99%
Key	02	Percentage of Complaints Closed within 120 Days	95%	95%
	Output Measures (Quarterly)			
Key	01	Number of Complaints Closed	1,400	1,400
	Efficiency Measures (Annual)			
Non-Key	01	Average Direct Cost Per Complaint Closed	\$320	\$300
	04-01 Agency Administration			
	Outcome Measures (Annual)			
Key	01	Percentage of Employees Separated from the Agency	10%	10%
Key	02	Percentage of Actual Expenditures to Budgeted Expenditures	95%	95%

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Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

2601 North Lamar Blvd., Austin, Texas 78705

512-475-1300 / 877-276-5554

www.dob.texas.gov

MEMORANDUM

TO: Finance Commission of Texas

FROM: Charles G. Cooper, Commissioner

DATE: August 1, 2025

RE: Department of Banking Priorities for Fiscal Year 2026

I. LEGISLATIVE – *State and National Legislative Issues*

- I.1 **Objective:** Provide appropriate and comprehensive resource material as requested in a timely manner.

Measure: To the extent legally permissible, respond accurately and timely to all requests for resource information. Maintain contact with legislative committee chairs and staff. Testify at interim charge hearings as requested.

- I.2 **Objective:** Maintain accurate, timely, and complete communication with Finance Commission members about significant state and federal issues, conditions, and trends, as well as significant events in the industries the agency supervises.

Measure: Provide Finance Commission members with information on significant federal laws and policy statements and the effect on supervised entities, if any. Provide sufficient information and materials to give members an overall assessment of our regulated industries.

- I.3 **Objective:** Monitor legislative interim charges that may affect the Department or its regulated entities. Implement legislative changes from the 89th legislative session that affect the agency.

Measure: Monitor and assist legislative committees with interim charges, if requested. Provide technical assistance and comprehensive resource materials when requested. Implement legislation that directly affects the Department or the industries we regulate by updating or proposing rules, policies, or procedures.

II. REGULATORY ACTIVITIES – *Examination Activity and Enforcement Actions*

- II.1 **Objective:** Strive to ensure performance measure goals are met while working through the labor market challenges. (See Attachment A for all performance measures).

Measure: Meet or exceed the strategic planning goals for key performance measures. Report performance measure results to the Finance Commission quarterly.

- II.2 **Objective:** Remain active at the national level regarding supervisory issues affecting areas of supervisory oversight in Texas.

Measure: Maintain active contact with other states directly, and through regulatory associations (CSBS and MTRA) and trade associations (IBAT and TBA), as well as frequent contact with members of Congress and federal regulators to be aware of actions and decisions, and areas of actual or potential impact to the Department's regulatory functions or the industries to proactively respond as needed.

- II.3 **Objective:** Maintain an ongoing awareness of the risk profiles of our regulated entities and the condition of the economy in which they operate. Monitor individual or systemic conditions, including economic pressures, cybersecurity threats, and other high-risk activities which present risks to their financial stability. Ensure that supervisory activities remain appropriate and take necessary actions against institutions exhibiting unacceptable risk profiles.

Measure: Perform research, maintain ongoing dialogue with regulatory counterparts, and attend training to maintain an understanding of conditions in which our entities operate. Maintain a leadership role in the effort to combat cybersecurity threats. Maintain an offsite monitoring program of the bank and trust industries while initiating appropriate regulatory responses and actions when appropriate. Research and take required actions against institutions with heightened or unacceptable risk profiles to minimize the adverse impact on depositors, shareholders, and the banking system in general.

- II.4 **Objective:** Monitor emerging issues in our areas of regulation including technological advances. Determine and communicate the impact of these issues to the regulated entities.

Measure: Report on emerging issues to the Finance Commission and regulated industries. Provide publications that address topics of interest. Participate in industry meetings, seminars, committees, and work groups. Participate in speaking opportunities with regulated industries to provide updates relating to ongoing supervisory issues.

- II.5 **Objective:** Monitor areas/industries we regulate for illegal activity.

Measure: Monitor and investigate potential illegal activity, and when necessary, initiate appropriate regulatory enforcement actions against licensed and/or unlicensed entities to ensure compliance with applicable statutes and rules to protect the rights and interests of consumers and the industries. If applicable, coordinate enforcement actions with other MSB state regulators. Refer cases as needed to local, state, or federal law enforcement agencies or the Texas Attorney General.

- II.6 **Objective:** Ensure consumer complaints/inquiries are professionally, appropriately, and timely processed pursuant to Texas Administrative Code Title 7 Part 2.

Measure: Maintain and report compliance with complaint processing, review, and reporting rules to meet or exceed the goals for consumer related performance measures.

- II.7 **Objective:** Refine examination procedures, reference materials, and internal guidance to enhance the examination process.

Measure: Monitor regulatory changes and new technologies, and update examination materials and guidance in a timely manner. Continue to perform internal reviews of examination procedures by seeking examiner feedback to ensure proper intent and applicability, refining procedures and processes for better effectiveness and efficiency. Timely and regularly communicate updates/changes to examiners.

- II.8 **Objective:** Implement an upgraded, new secure Internet portal for regulated entities to conduct business and exchange information with the Department.

Measure: Provide regulated entities with training and user guides to utilize the new data exchange portal. Provide individualized assistance to portal users via a dedicated helpdesk.

III. POLICY AND RULE DEVELOPMENT – *Policies, Rules, and Financial Education Activities*

- III.1 **Objective:** Issue formal communications to regulated entities to clarify and/or promote best practices to assist in complying with laws and policy statements.

Measure: Issue Supervisory Memorandums, Regulatory Guidance, Interpretive Statements, and Legal Opinions in a timely manner as needed.

- III.2 **Objective:** Monitor and suggest amendments to the Texas Administrative Code as necessary to reflect changes in state and federal laws, clarify existing laws, and address the dynamics of the changing industries. Perform periodic reviews of fee rules to ensure each regulated area covers its cost of regulation.

Measure: Draft amendments and new rules for potential adoption by the Finance Commission to timely effect necessary changes. Conduct reviews of all rules every four years to evaluate their continued necessity and applicability.

- III.3 **Objective:** Maintain participation in financial education and outreach efforts.

Measure: Update the Department's financial education webpage and brochure this fiscal year. Participate in financial education webinars periodically.

IV. AGENCY MANAGEMENT – *Staffing, Recruiting, Fiscal Responsibility, and Technology*

- IV.1 **Objective:** Actively recruit qualified personnel with appropriate skill set whenever possible. Maintain compliance with all state and federal employment laws.

Measure: Actively recruit entry level positions at universities and colleges by attending career fairs (if available) and support banking programs at Texas universities. Utilize recruiting platforms that reach a wide talent pool for all positions. Promptly post vacancies and review applications. Periodically review and update personnel policies and procedures with changes required due to legislation or judicial decisions as well as to reflect current agency practices.

- IV.2 **Objective:** Continue to strive to attain full staffing, with an emphasis on employee retention. Provide and promote opportunities for professional development for junior staff and offer opportunities in new responsibilities to minimize the loss of institutional knowledge as vacancies and retirements occur. Continue efforts to maintain a competitive salary structure as well as a competitive examiner salary program comparable to the FDIC. Obtain feedback from employees and implement changes where feasible.
- Measure:** Improve staff retention by addressing major issues that contribute to non-retirement resignations, with a goal to have the agency turnover rate (excluding retirements and intern separations) not exceed 13% for the fiscal year.
- IV.3 **Objective:** Ensure technology resources are up-to-date to enhance the effectiveness, speed, and quality of agency work products. Provide timely technical support to staff.
- Measure:** Provide secure technology tools for staff to perform their job functions efficiently and effectively. Provide technical support via the helpdesk. Maintain software in accordance with the Department of Information Resources guidelines. Ensure network, websites, and databases function appropriately and with limited downtime.
- IV.4 **Objective:** Safeguard the integrity of data, information technology networks, and systems from unauthorized access or use, ensuring that access to critical systems is available during an emergency.
- Measure:** Perform a bi-annual external or internal information security risk assessment and initiate corrective actions to maintain data integrity and minimize the risk of unauthorized access or use. Perform annual intrusion testing by the Department of Information Resources and periodic vulnerability reviews for network and external facing web resources. Conduct an annual test of the Department's disaster recovery plan and initiate corrective actions to ensure operations will function appropriately. Periodically execute information security tabletop exercises to respond to various incident types, when and if they occur.
- IV.5 **Objective:** Ensure financial examiners receive adequate and proper training to perform their duties and progress within the financial examiner series.
- Measure:** Provide core required training courses to financial examiners in the FE I – FE III series to progress in the financial examiner series. Prepare assistant examiners to successfully complete the Bank and Trust Supervision commissioning process.
- IV.6 **Objective:** Host accelerated internal training program for newly hired examination staff to support and enhance their ability to perform their duties.
- Measure:** Provide the internal training course at least once in fiscal year 2026 to adequately prepare assistant examiners to successfully participate in an examination.
- IV.7 **Objective:** Ensure agency expenditures are necessary and prudent, and within budgetary constraints; revenues collected are adequate to cover expenditures; and

provide a cash reserve or fund balance that complies with Finance Commission policies.

Measure: Review expenditure and revenue patterns monthly. Prepare quarterly financial statements to substantiate the agency's financial position and cash reserve.

- IV.8 **Objective:** Periodically review internal controls and processes to improve the efficiency and effectiveness of the agency. Coordinate with the Finance Commission Agencies, when possible, to minimize duplication of duties and processes.

Measure: Report on improvements identified and implemented.

- IV.9 **Objective:** Work on planning efforts associated with the relocation of the Finance Commission facility.

Measure: Report progress related to the relocation of the Finance Commission agencies to the building committee periodically.

- IV.10 **Objective:** Comply with the directives of the State Office of Risk Management (SORM) regarding the Continuity of Operations Plan.

Measure: Ensure that updates are made, and the Plan is exercised as determined by SORM.

The Department of Banking is considered to be one of the top financial regulators in the country by our regulatory peers. The staff has worked hard to achieve this posture, and we will continue to improve our processes and techniques to properly supervise the industries under our jurisdiction and serve the citizens of Texas.

Performance Measures for 2026
Department of Banking

Bank and Trust:

K Outcome Measures (Annual)

			Target 2026	Target 2025
K	01-01.01	Percentage of Banks Receiving Examinations Within Required Timeframes ¹	95.00%	95.00%
	01-01.02	Percentage of Foreign Bank Organizations Receiving Examinations Within Required Timeframes	100.00%	100.00%
	01-01.03	Percentage of Trust Companies Receiving Examinations Within Required Timeframes	95.00%	95.00%
	01-01.04	Percentage of Problem Institutions with Appropriate Supervisory Actions in Place	100.00%	100.00%
	01-01.05	Certificate of Accreditation by CSBS Maintained in Good Standing	YES	YES

K Output Measures (Quarterly)

K	01-01.06	Number of Bank Examinations Performed ¹	96	101
K	01-01.07	# Foreign Bank Organization, Trust Co, Trust Dept, & IT Exams and Other Specialized Reviews Performed	220	194

Efficiency Measures (Annual)

	01-01.08	Bank and Trust Division Cost per Million in Assets Regulated	\$40.20	\$38.30
		Bank and Trust Division Cost per Million in Assets Regulated		
	01-01.09	Assets Examined Per Examiner Day (in millions)	\$9.90	\$9.30
		Assets Examined Per Examiner Day (in millions)		

K Explanatory Measure (Annual)

K	01-01.10	Percentage of Banks Classified Safe and Sound ¹	95.00%	90.00%
	01-01.11	Number of Texas State-Chartered Banks	196	210
	01-01.12	Total Assets in Texas State-Chartered Banks (in Billions)	\$437.50	\$456.30

Non-Depository Supervision (NDS):

K Outcome Measures (Annual)

K	01-02.01	Percentage of Money Services Business Licensees Examined By NDS Within Required Timeframes	90.00%	90.00%
K	01-02.02	Percentage of Prepaid Funeral Contract Licensees Examined By NDS Within Required Timeframes	95.00%	95.00%
K	01-02.03	Percentage of Perpetual Care Cemetery Licensees Examined By NDS Within Required Timeframes	95.00%	95.00%
	01-02.04	Percentage of PCC and PFC Applications Processed within Statutory Period	95.00%	95.00%

K Output Measures (Quarterly)

K	01-02.05	Number of NDS Licensees Examined ²	490	490
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Efficiency Measures (Annual)

	01-02.06	Average Direct Cost Per Prepaid Funeral Contract and Perpetual Care Cemetery Licensee Examination.	\$3,500	\$3,200
	01-02.07	Average Direct Cost Per Money Services Business Licensee Examination	\$20,000	\$18,000

Explanatory Measures (Annual)

	01-02.08	Dollar Amount of Prepaid Funeral Contracts in Force (in Billions)	\$5.2	\$5.0
	01-02.09	Number of NDS Licensees	765	765
	01-02.10	Percentage of NDS Licensees Classified Safe and Sound	95.00%	95.00%

Application Processing:

K Outcome Measures (Annual)

K	01-03.01	Percentage of Applications and Notices for Banks, Trust Companies, Money Service Businesses, and Check Verification Companies Processed within Statutory Time Periods ¹	95.00%	95.00%
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K Output Measures (Quarterly)

K	01-03.02	Number of Applications and Notices Processed for Banks, Trust Companies, Money Service Businesses, and Check Verification Companies ²	317	350
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K Outcome Measures (Annual)

K	01-04.01	Percentage of Written Complaints Closed Within 90 Days ²	100.00%	100.00%
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Output Measures (Quarterly)

	01-04.02	Number of Written Complaints Closed ²	220	240
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Regulatory Oversight: (Finance Commission) (Reported Internally)

Output Measures (Quarterly)

	01-04.03	Number of Meetings Convened	6.0	6.0
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Operational Efficiency:

K Outcome Measures (Annual)

K	01-05.01	Percentage of Regular Employees Separated from the Agency ²	13.00%	12.00%
	01-05.02	Percentage of Regular Employees Separated from the Agency (Excluding Retirements)	10.00%	10.00%
K	01-05.03	Percentage of Actual Expenditures to Budgeted Expenditures ²	95.00%	95.00%

¹ These measures are comparable to similar measures with the Department of Savings and Mortgage Lending

² These measures are comparable to similar measures with the Department of Savings and Mortgage Lending and Office of Consumer Credit Commissioner

B.

**Office of Consumer Credit
Commissioner**

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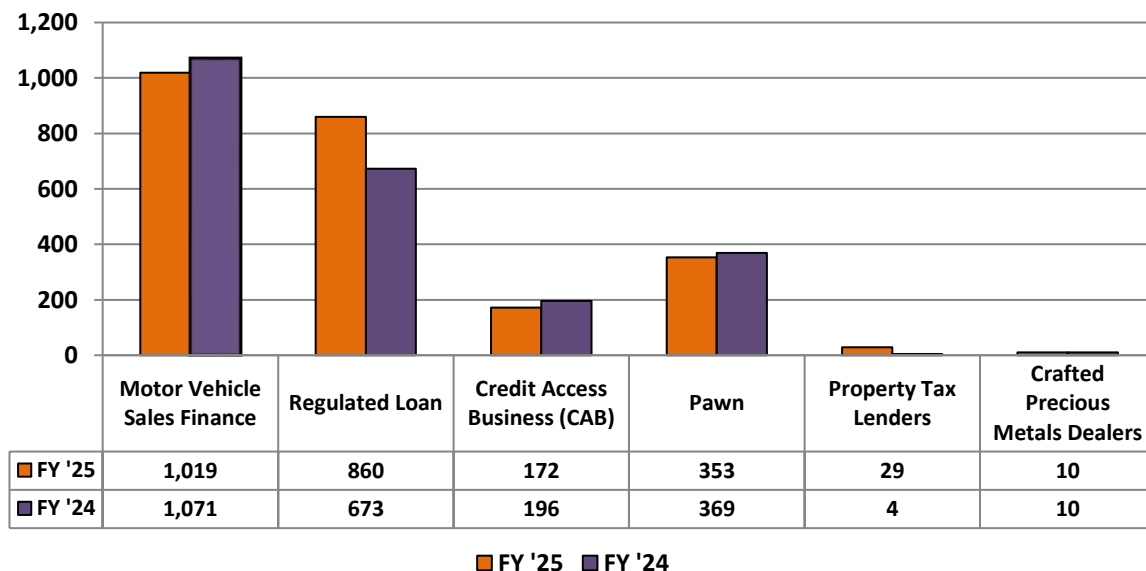
Consumer Protection and Consumer Assistance Report

As of June 30, 2025, the OCCC has completed 2,443 examinations, which is 90.5% of the FY '25 annual production goal of 2,700 exams. All industry groups have an acceptable level of compliance greater than 85% and the department is on track to meet annual production targets.

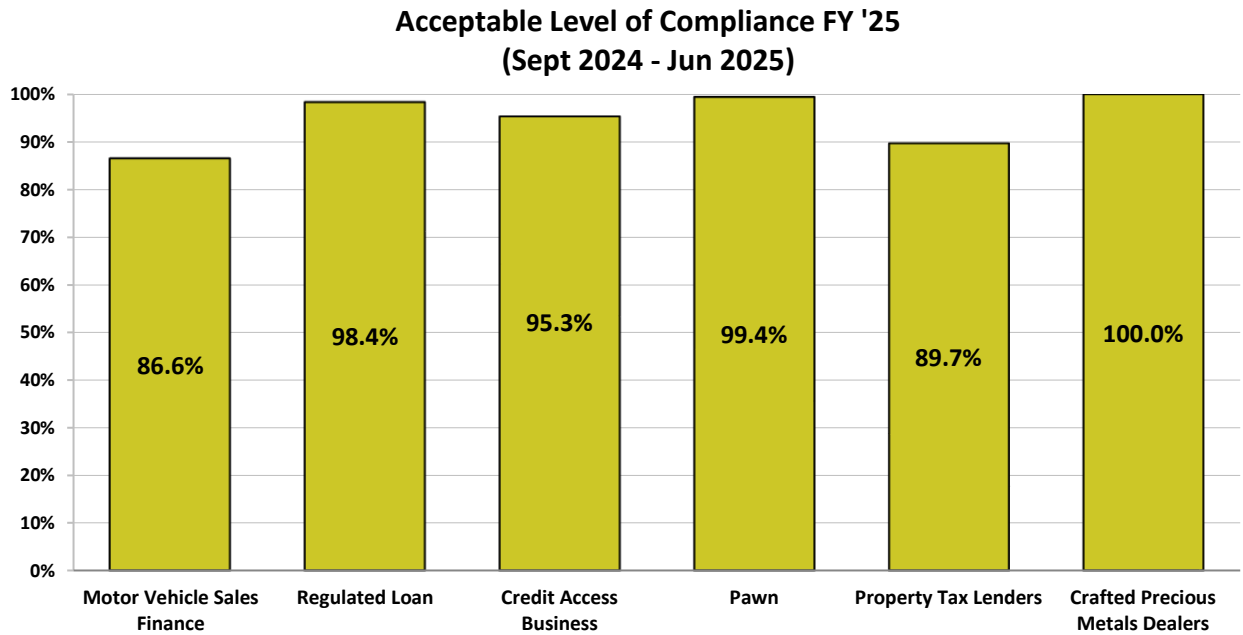
The department completed a large examination of a regulated lender in the State Examination System (SES) in June. This SES exam is the largest completed by the agency to date and was a significant milestone in the department's implementation of SES. The OCCC continues to work on multi-state examination projects and is currently the lead agency on two examinations.

Training and development remain a priority. The department has several training opportunities scheduled over the next few months, including the agency's annual Financial Examiner Training School, the NACCA Examiner Conference, and Mortgage/PTL training. Additionally, the two new financial examiners who began employment with the agency in June are currently in field training and will complete motor vehicles sales finance exam certification later this month.

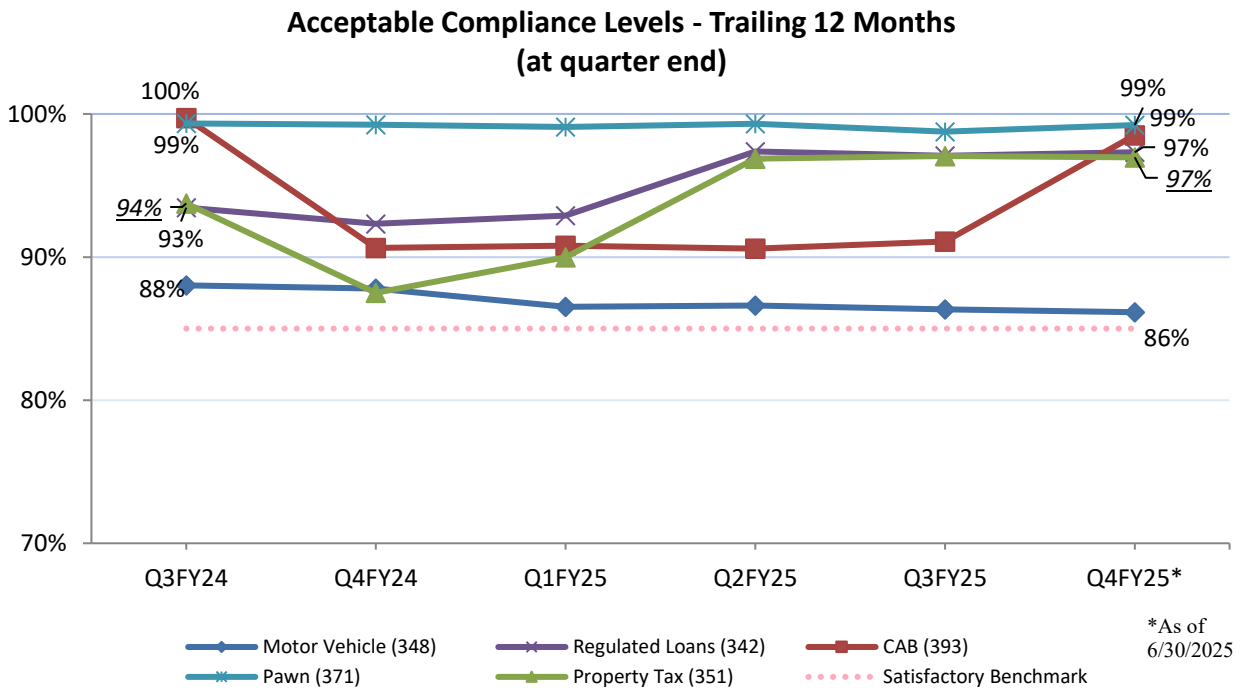
**Examinations Conducted: Sept - Jun
Fiscal Year Comparison**



The following chart denotes the acceptable level of compliance for exams completed in FY 2025.

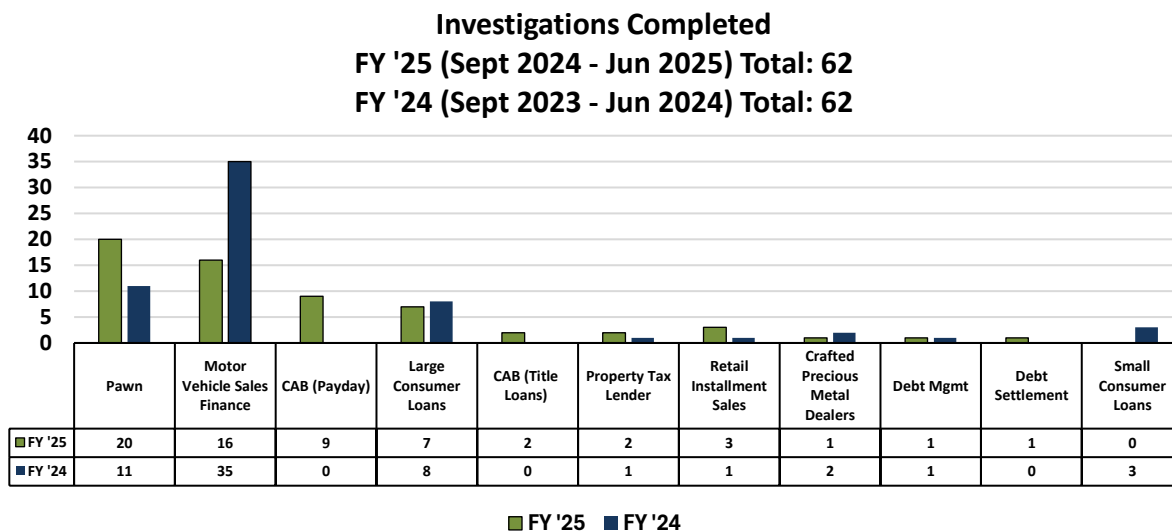


The following chart denotes the acceptable level of compliance on a trailing 12-month basis through the end of June 2025.



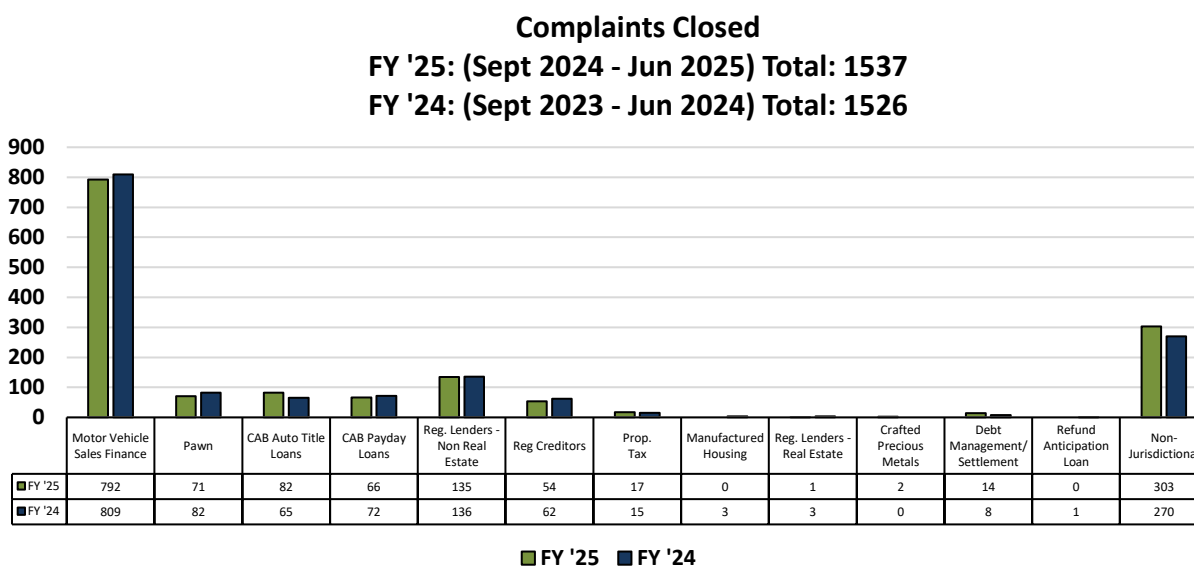
Investigations

For FY 2025 through June, the OCCC completed 62 investigations out of the annual goal of 75. Pawn issues comprise 32% of the overall number of completed investigations.



Consumer Assistance

From September 1, 2024, through June 30, 2025, 1537 complaints were closed, of which 303 were classified as non-jurisdictional. Complaint activity has remained consistent year over year. The top four areas of jurisdictional complaints are (1) Motor Vehicle Sales Finance (MVSF), (2) Credit Access Businesses (CAB), (3) Regulated Lenders Non-Real Estate, and (4) Pawn. MVSF complaints were the largest complaint category at 51.5%. The second largest category was Credit Access Business complaints at 9.6% collectively, separately these are 5.3% for title loans and 4.3% for payday loans. The third largest category is Regulated Lenders Non-Real Estate at 8.8% and the fourth largest category was Pawnshops at 4.6%.



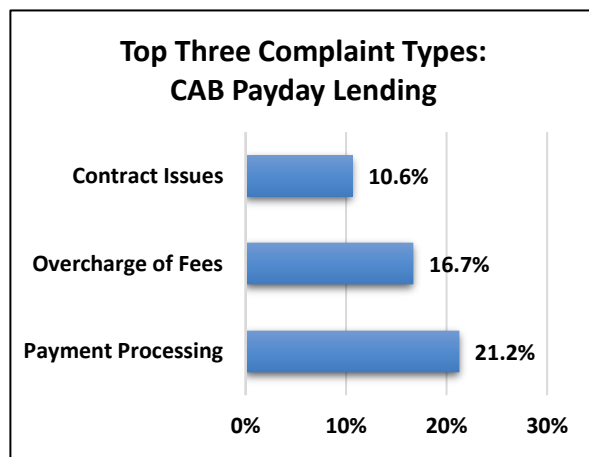
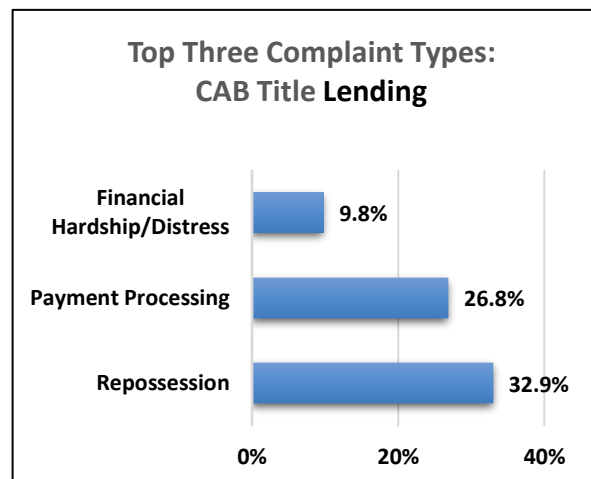
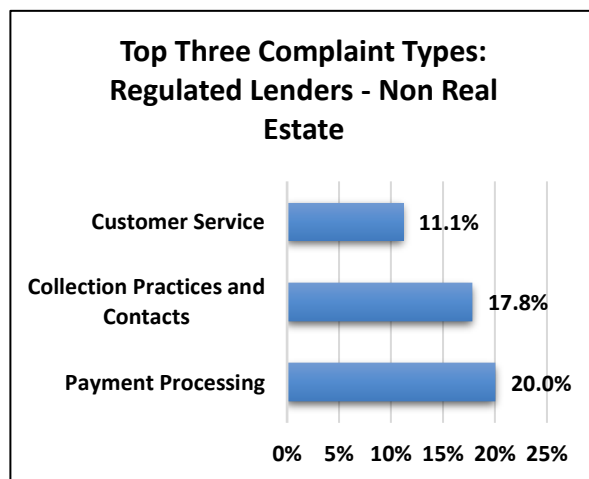
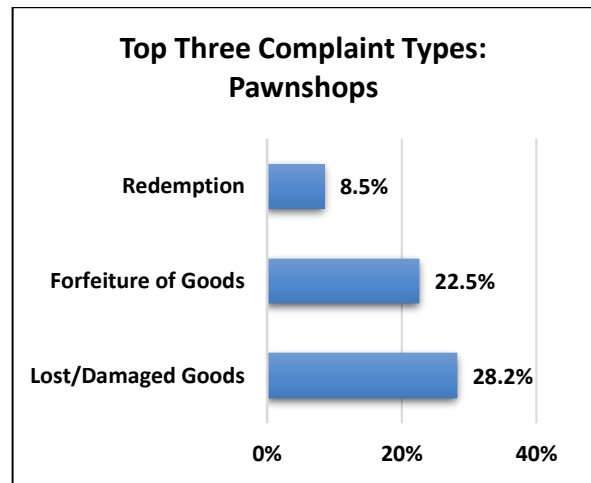
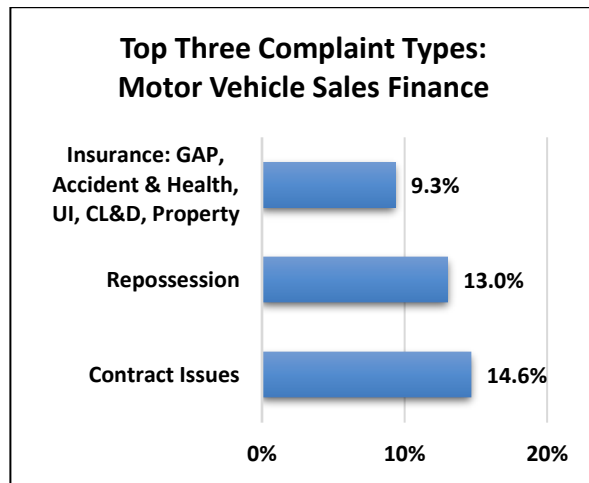
Fiscal Year 2025: Number of Complaints Closed by Source (Table 1), Subject (Table 2), and Disposition (Table 3)

Source of Complaint	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Consumer	423	407	411	
Business	1	9	12	
Law Enforcement	0	1	2	
State or Federal Agency	39	24	15	
OCCC	3	5	5	
Whistleblower	1	5	3	
Other	0	2	1	
Total	467	453	449	0

Subjects	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Motor Vehicle Sales Finance	254	224	223	
CAB Payday Loans	17	15	24	
CAB Auto Title Loans	27	23	26	
Reg. Lenders – Non-Real Estate	45	45	36	
Pawn	17	24	24	
Registered Creditors	17	14	17	
Crafted Precious Metal Dealers	0	2	0	
Regulated Lenders - Real Estate	1	0	0	
Manufactured Housing	0	0	0	
Property Tax Lenders	8	7	2	
Debt Management/Settlement	4	8	2	
Refund Anticipation Loan	0	0	0	
Non-Jurisdictional	77	91	95	
Commercial Motor Vehicle Sales Finance	0	0	0	
Total	467	453	449	0

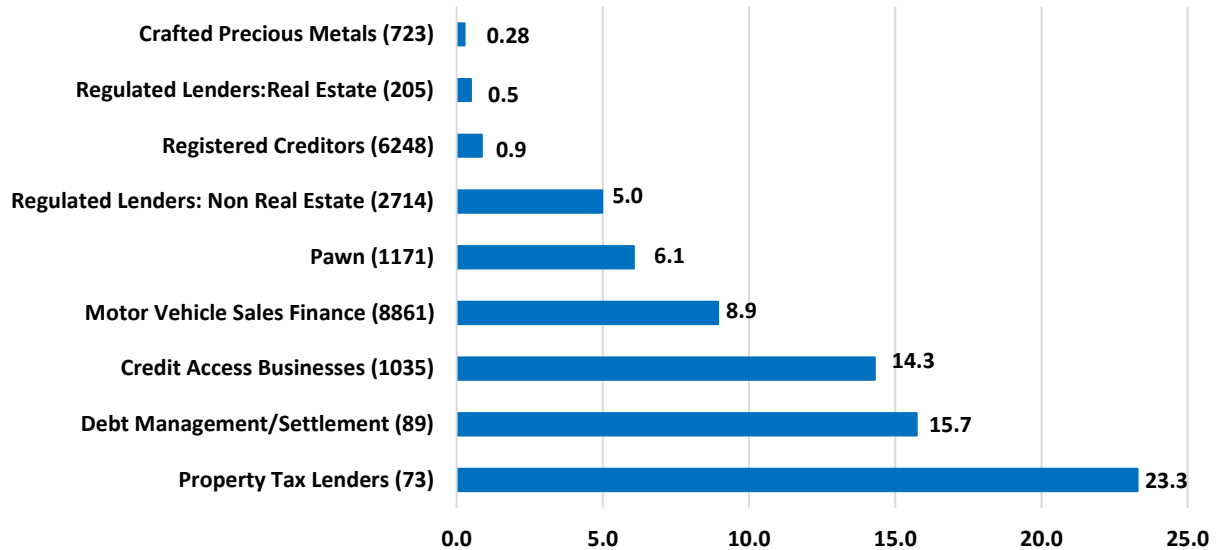
Disposition	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Closed to Investigation	4	6	7	
Closed to Legal	0	0	0	
Closed -Action Taken	80	70	83	
Closed -No Violation	173	163	136	
Closed - Administratively	133	123	131	
Close - Non-Jurisdictional	77	91	92	
Total	467	453	449	0

The following charts represent the top three complaint areas per license type. In MVSF, complaints related to allegations of violations related to insurance products have moved into the top three. These complaints relate primarily to substitute insurance products.



Comparison of complaints processed to the number of active license or registrant population is noted on the chart below. For this reporting period, the highest ratio of complaints to active license/registrants is Property Tax Lenders, followed by Debt Management/Settlement, Credit Access Businesses, and Motor Vehicle Sales Finance.

Ratio of Complaints Closed to Total Active License & Registrant Totals
FY '25: September 1, 2024 - June 30, 2025



License/Registrant Totals as of 7/1/2025
Complaints Per Hundred License/Registrants

Production Targets and Priorities	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Percentage of Written Complaints Closed within 90 days	91.6%	95.20%	95.10%	
Average Number of Days to Close a Complaint	45.7	40.1	37.9	
Number of Complaints Closed	467	453	449	



Licensing Department Report- Aug 2025

Mirand Diamond, Director of Licensing, Finance & HR

Ginger Harmon, Manager

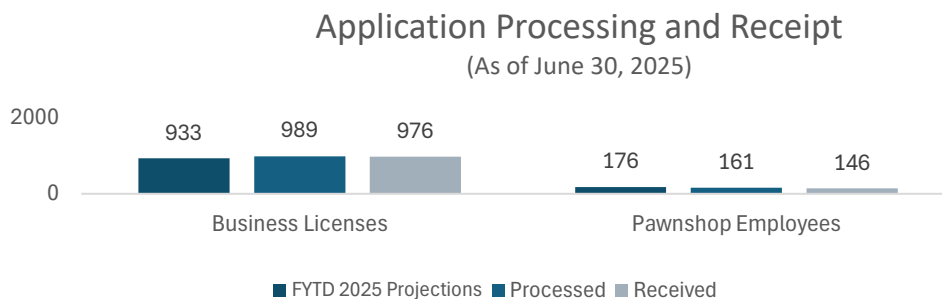
Renewals Report

Pawnshop and Pawn Employee

The department has completed the license renewal cycle for pawnshops and pawn employees. As of the end of July, renewal rates reached 98% for pawnshops and 59% for pawn employees. These results are consistent with initial projections.

Motor Vehicle Sales Finance

The department will soon begin preparations for the upcoming motor vehicle sales finance license renewal cycle in October. As in prior years, the intent is to open renewal in early September.



NMLS Transition

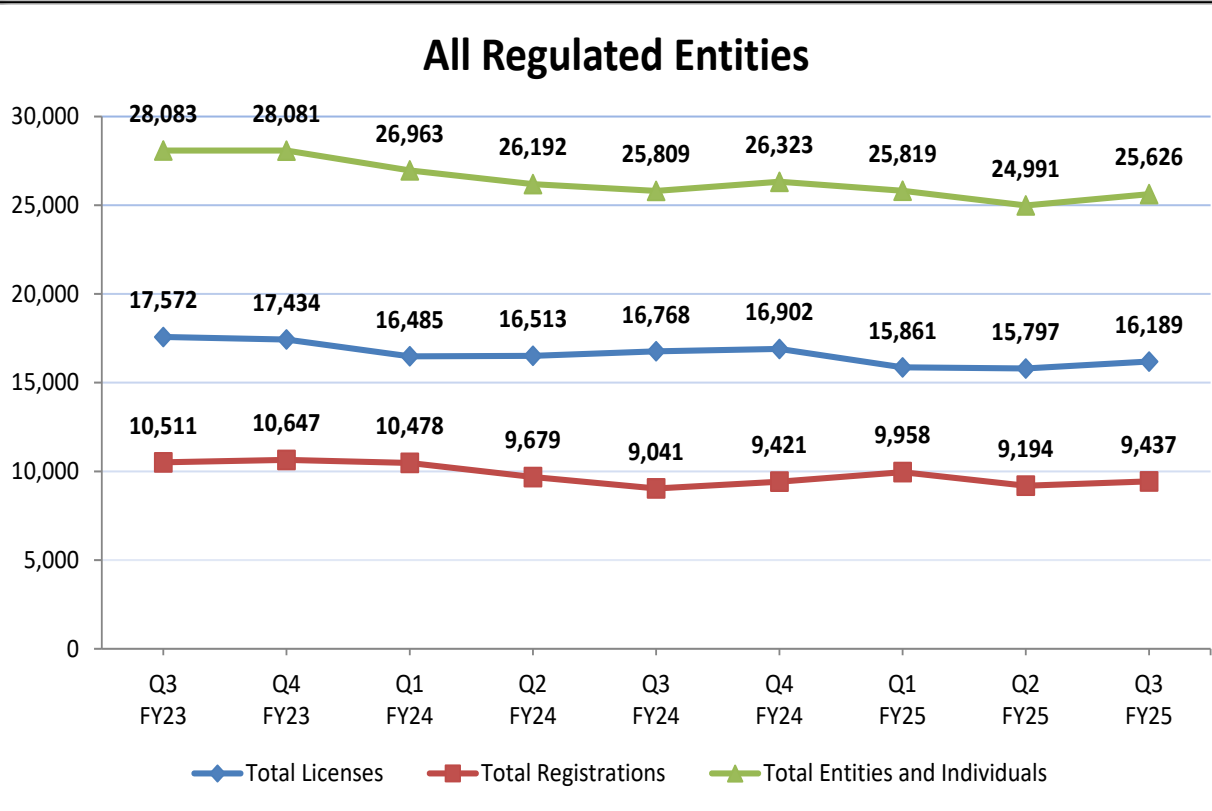
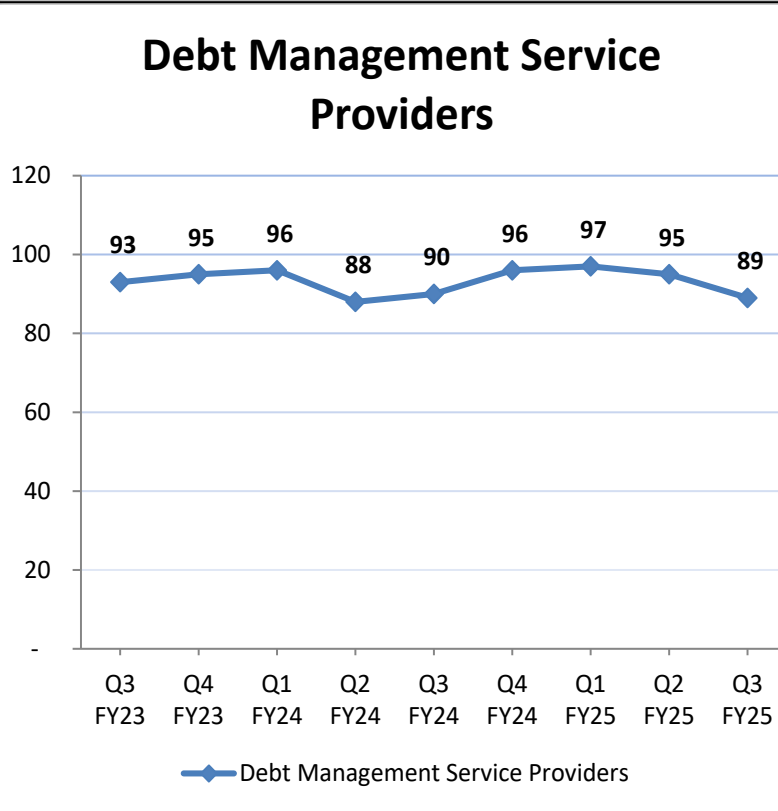
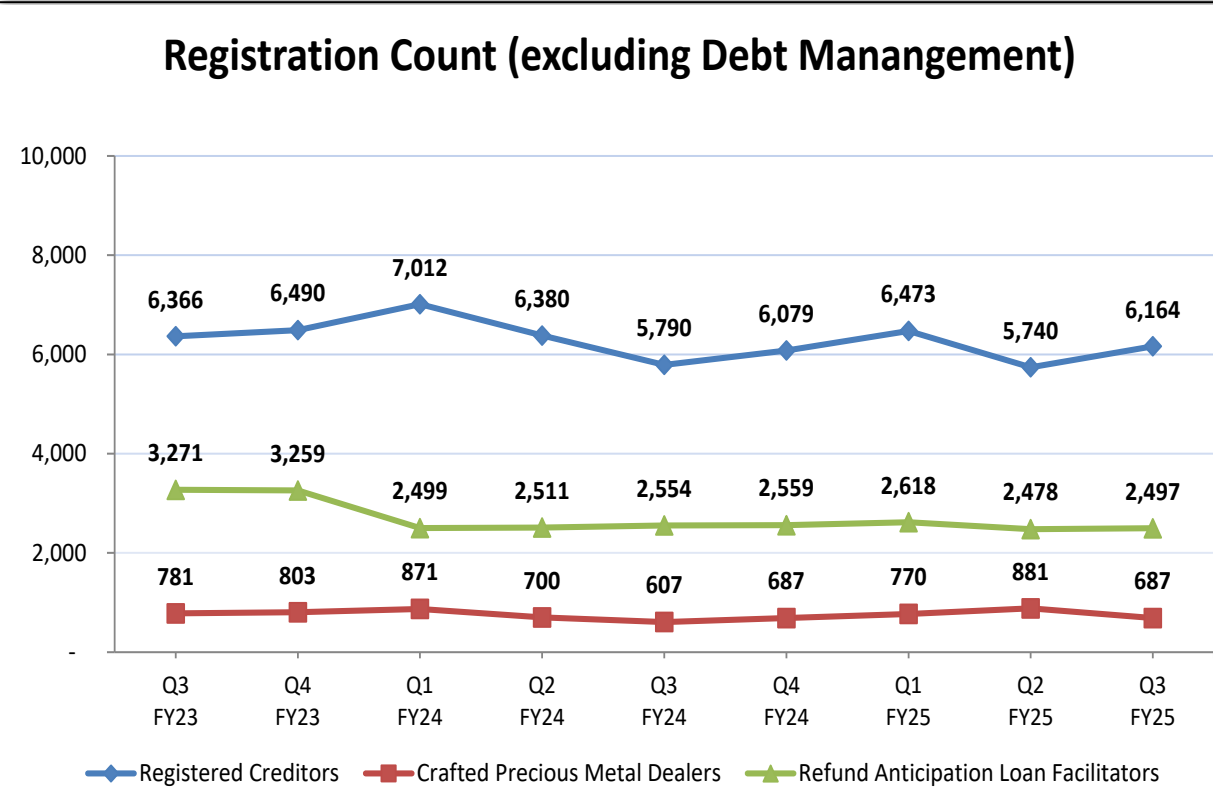
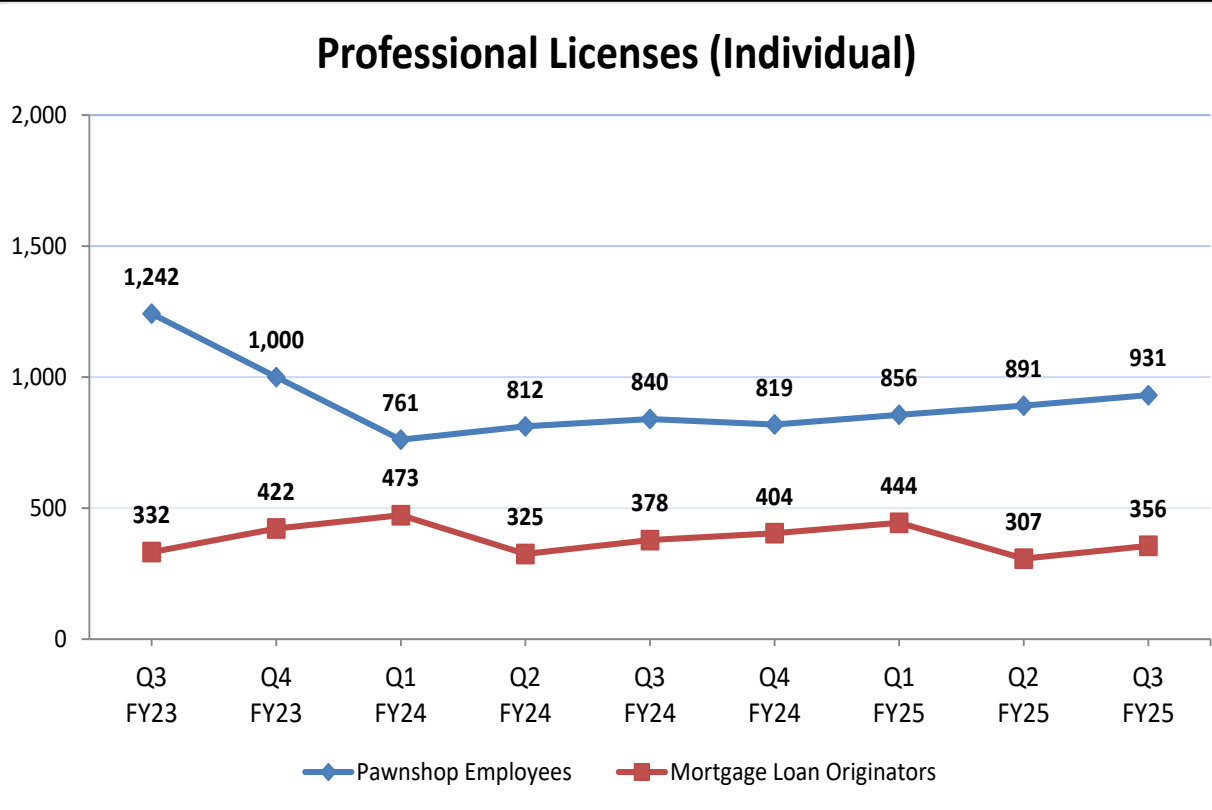
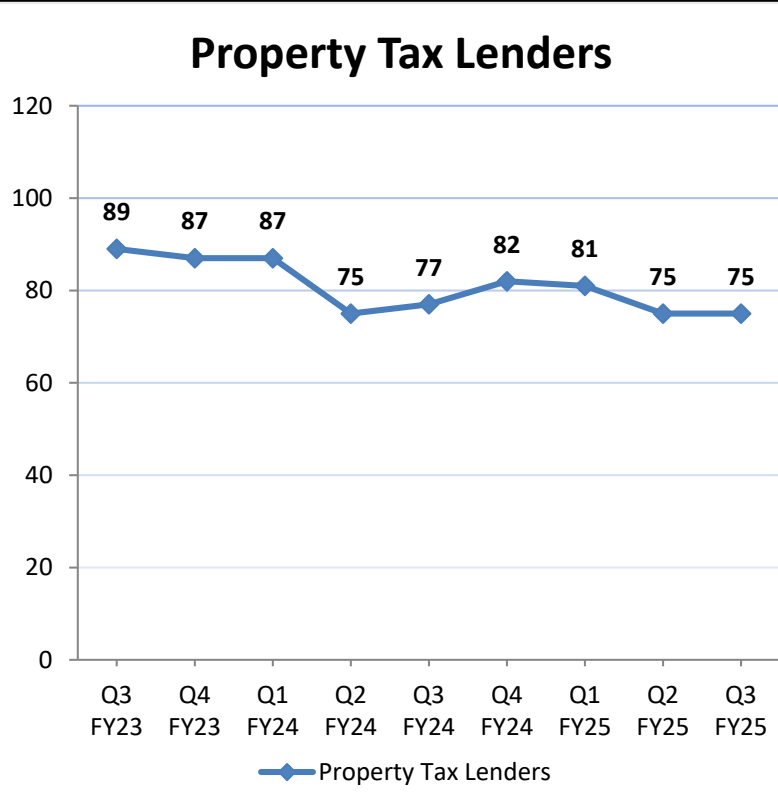
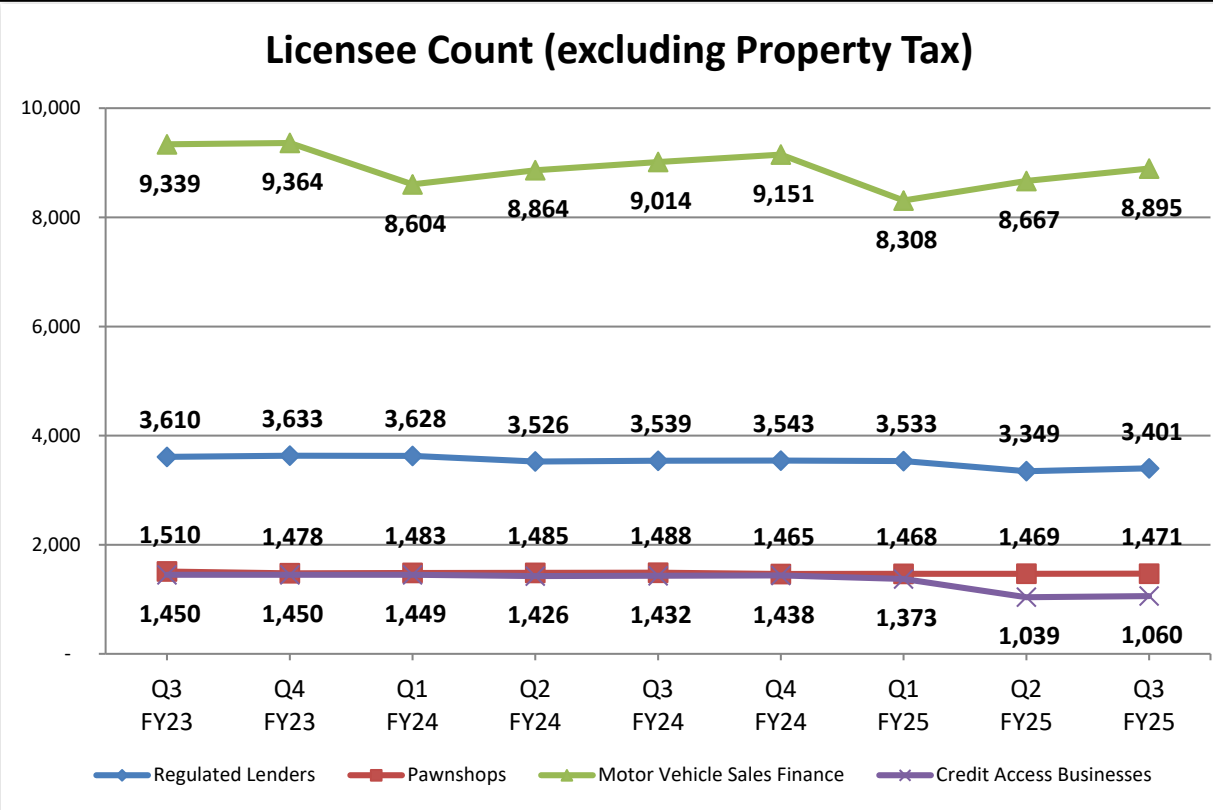
Property Tax Lenders

The transition period for property tax lender licenses transitioning to NMLS concluded in late May. More than 90% of current property tax lenders submitted a transition application to move to NMLS. Most applications have been approved but a few remaining transition applications continue to be processed. Entities who did not transition have a valid license through December 31, however, if an entity that did not transition desires to renew a license it must file a new application in NMLS to be eligible to renew.

Regulated Lenders

The department has initiated the transition of regulated lenders to NMLS. An educational webinar regarding the transition process was conducted on July 30, 2025. More than 300 individuals registered for the webinar. Transition applications are actively being reviewed and processed. More than 85% of regulated lenders are expected to submit applications to transition to NMLS. The transition period is scheduled to conclude in September of 2025. All transition applications are being tracked, with key metrics reported regularly to measure progress.

Number of OCCC Regulated Entities
Quarterly Comparison FY 23-25





ADMINISTRATION REPORT

FINANCIAL EDUCATION AND TFEE

Financial Education staff conducted a presentation at the Glazier Senior Center in Houston, focused on Fraud Awareness, as well as a workshop titled “Building a Better Budget” at the Fonteno Senior Education Center. During the Texas Financial Literacy Summit held at the Federal Reserve Bank of Dallas in July, staff presented on the Texas Financial Education Endowment. This presentation offered an overview of TFEE’s mission and served to raise awareness of the 2026-2027 grant application cycle.

This month, the Financial Education team will partner with the Department of Banking to conduct a webinar on the Components of Financial Literacy. Staff are collaborating with the Texas Jump\$tart Coalition and the agency is conducting direct outreach to offer key financial literacy resources as Texas schools prepare to enact House Bill 27.

The third semi-annual TFEE reporting cycle ended on June 30, 2025. The fourth semi-annual reporting period runs from July 1st to December 31st, which will conclude the 2024-2025 grant cycle. The 2026-2027 application cycle was launched in late June, and a grant information webinar took place on August 11. Applications for the 2026-2027 grant cycle are due on September 1, 2025. The application process is being promoted via social media channels and TFEE’s website, as well as through targeted emails. Recommendations for grant awards will be made during the October Finance Commission meeting. The 2026-2027 grant cycle will begin on January 1, 2026.

COMMUNICATION

During this reporting period a review of agency website content was completed, including updates and information related to the NMLS licensing transition, and the summer newsletter was published. The OCCC continues to communicate with stakeholders, and staff have provided presentations to regulated entities and other groups as follows:

- On June 5, 2025, Financial Examiners Traweck and Verrett hosted a webinar for automobile dealers sponsored by the Texas Department of Motor Vehicles.
- On June 19, 2025, Commissioner Pettijohn, General Counsel Nance, and Director Graham presented at the Texas Consumer Finance Association Annual Convention in The Woodlands.
- On July 10, 2025, Financial Examiners Brooks and Verrett hosted a webinar for automobile dealers sponsored by the Texas Department of Motor Vehicles.
- On July 17, 2025, Deputy Director Hubenthal presented at the Motor Vehicle Crime Prevention Authority Conference hosted by the Department of Motor Vehicles.
- On July 28 & 29, 2025 Director Graham and Deputy Director Hubenthal presented at the Texas Independent Car Dealers Association Conference.

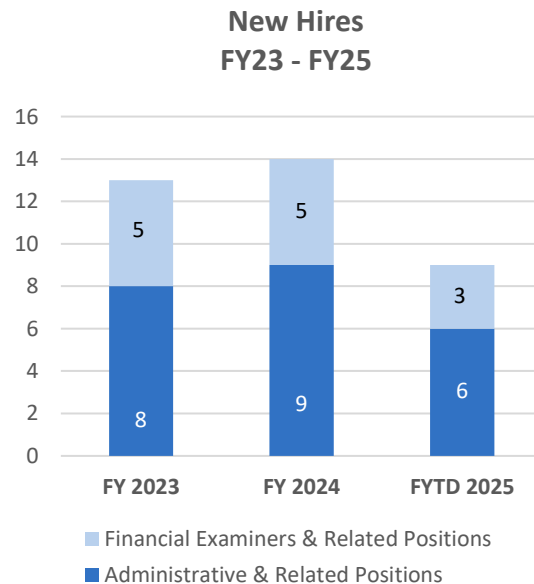
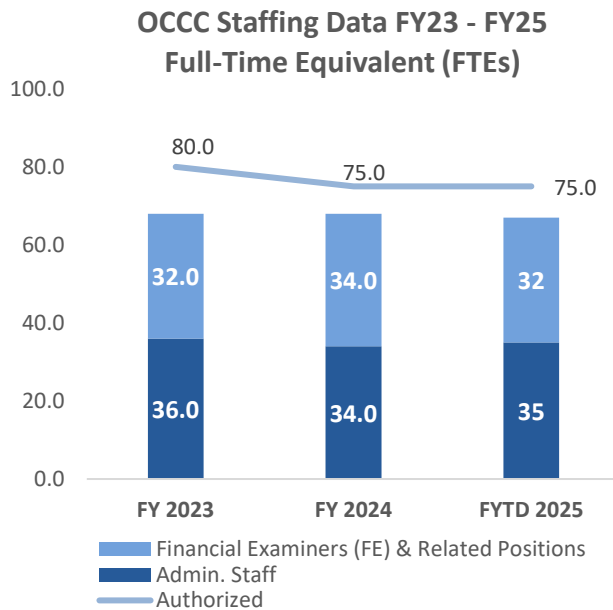
- On July 30, 2025, Commissioner Pettijohn and General Counsel Nance presented at the Texas Consumer Credit Coalition Annual Meeting in San Antonio.

During this reporting period, the following agency policies were ratified or updated:

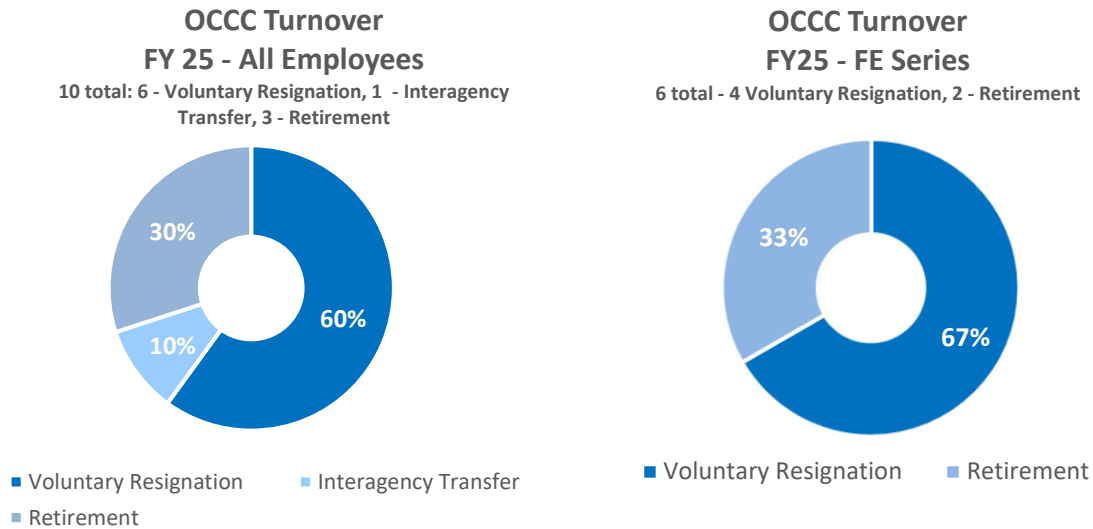
Policy	Department	Date Ratified or Updated
System and Service Acquisition	IT; Security Policy Compliance Committee (SPCC)	June 10, 2025
System and Communication Protection	IT; SPCC	June 10, 2025
System and Information Integrity	IT; SPCC	June 10, 2025
Change Management	IT; SPCC	July 8, 2025
Supply Change Risk Management	IT; SPCC	July 8, 2025
Enforcement Guidelines	Legal	July 18, 2025
Contract Management Handbook	Legal	July 23, 2025
Employee Policies and Procedures Manual	Legal	July 29, 2025

HUMAN RESOURCES

As of July 31, 2025, the OCCC is staffed with a total of 67 FTEs. The following charts represent staffing data for fiscal years 2023-2025.



The turnover ratio as of 07/31/2025, is 13%. The charts below represent FY25 data.



ACCOUNTING

Financial Reporting

The third quarter of fiscal year 2025 ended on May 31, 2025. The third quarterly financial statement is included in the Audit Committee section of the meeting material. The team is beginning preparatory work for the FY2025 annual fiscal year close which occurs on August 31. The Annual Financial Report is due October 1.

Budget

The accounting team, in collaboration with management, has completed the FY 25 budget which is being presented for approval to the Finance Commission.

Other Items

The accounting team, in collaboration with the OCCC IT team, tested and deployed the modifications to ALECS required to interface with the new statewide payment engine in mid-July.

INFORMATION TECHNOLOGY

Technology modernization and deployment

The migration of ALECS and other operations to the new payments vendor completed successfully and on schedule in July.

IT staff fully transitioned to a new solution for remote device monitoring and patch management. The new solution provides greater functionality at a lower cost.

Cybersecurity

Mitigation efforts based upon initial penetration tests are underway. A second round of penetration tests is expected.

OFFICE OF CONSUMER CREDIT COMMISSION

EXECUTIVE SUMMARY

As of May 31, 2025

	FY 2023	FY 2024	FISCAL YEAR 2025				
			1st QTR	2nd QTR	3rd QTR	4th QTR	FYTD
CONSUMER PROTECTION							
Monies Returned (000)	13,720	6,683	2,628	1,141	2,253		6,022
Regulated Lenders Examinations	830	821	276	265	73		614
Property Tax Lender Examinations	24	8	3	24	2		29
Pawnshop Examinations	398	399	9	124	169		302
Motor Vehicle Examinations	1,360	1,344	175	202	459		836
Credit Access Businesses Examinations	563	427	8	32	126		166
Crafted Precious Metal Dealers	10	10	0	6	4		10
CONSUMER ASSISTANCE							
Telephone Complaints Received	496	377	126	133	107		366
Written Complaints Received	1,310	922	335	313	368		1,016
Total Complaints Closed	1,797	1,263	467	453	449		1,369
% of Written Complaints Closed within 90 Calendar Days	92.5%	96.7%	91.6%	95.2%	95.1%		94.0%
ADMINISTRATIVE ENFORCEMENT ACTIONS							
Originated	124	117	39	7	35		81
Finalized	133	147	42	18	15		75
LICENSING AND REGISTRATION							
Licenses							
Regulated Lender Licenses	3,633	3,543	3,533	3,349	3,401		3,401
Pawnshop Licenses	1,478	1,465	1,468	1,469	1,471		1,471
Pawnshop Employee Licenses	1,000	819	856	891	931		931
Commercial MV Sales Fin. Licenses	65	75	72	74	77		77
Motor Vehicle Sales Finance Licenses	9,364	9,076	8,236	8,593	8,818		8,818
Property Tax Lender Licenses	87	82	81	75	75		75
Mortgage Loan Originators	422	404	242	310	356		356
Credit Access Business Licenses	1,450	1,438	1,373	1,039	1,060		1,060
Registrations							
Registered Creditors	6,490	6,079	6,473	5,740	6,164		6,164
Crafted Precious Metal Dealers	803	687	770	881	687		687
Debt Management Service Providers	95	96	97	95	89		89
Refund Anticipation Loan Facilitators	3,259	2,559	2,618	2,478	2,497		2,497
Applications							
Business -- New	1,118	1,046	302	238	325		865
Business -- Change of Ownership	85	197	7	8	9		24
Pawnshop Employees -- New	286	231	52	47	44		143
HUMAN RESOURCES DATA							
Field Examiners Staffing	32	34	37	34	32		32
Total Staffing	68	68	69	67	67		67

Office of Consumer Credit Commissioner
Actual Performance for Output Measures
Fiscal Year 2025

Type/Strategy/Measure	2025 Target	2025 Actual	2025 YTD	Percent of Annual Target	
Output Measures-Key					
CONSUMER PROTECTION					
1-1-1 Complaint Resolution					
1. # Complaints Closed					
Quarter 1	1,750	467	467	26.7%	
Quarter 2	1,750	453	920	52.6%	
Quarter 3	1,750	449	1,369	78.2%	
2-1-1 Examination and Enforcement					
1. # Examinations Completed					
Quarter 1	2,700	471	471	17.4%	*
<i>During this quarter the OCCC purposefully focused on mortgage examinations in the State Exam System (SES), property tax examinations, and regulated lender examinations. Resources were devoted toward training and performance is expected to improve throughout the year.</i>					
Quarter 2	2,700	653	1,124	41.6%	*
<i>The OCCC strategically prioritized regulated lending and mortgage exams during the first half of the year in anticipation of the agency's transition to SES. Examination production is expected to realign with targets throughout the remainder of the year.</i>					
Quarter 3	2,700	833	1,957	72.5%	
EFFECTIVE LICENSING & REGISTRATION					
2-2-1 Licensing and Registration					
1. # Business License Applications Processed					
Quarter 1	1,200	309	309	25.8%	
Quarter 2	1,200	246	555	46.3%	
Quarter 3	1,200	334	889	74.1%	
FINANCIAL EDUCATION					
3-3-1 Financial Education					
1. # People Receiving Direct Educational Services					
Quarter 1	650	64	64	9.8%	
Quarter 2	650	141	205	31.5%	
Quarter 3	650	327	532	81.8%	*
<i>The OCCC had higher attendance at financial education presentations than forecasted.</i>					

*Varies by 5% or more from target.



Legal Department Report

Matthew Nance, General Counsel

August 2025

Enforcement Report

Contested Cases

As of July 31, 2025, the OCCC has two pending contested cases before the State Office of Administrative Hearings (SOAH).

Michael Barron (SOAH Docket No. 466-25-15633)

This case is an appeal of the OCCC's denial of a pawnshop employee license application. The applicant failed to provide criminal history information necessary to file a complete license application and failed to respond to the OCCC's request for the information. Based on this, the OCCC notified the applicant of its intent to deny the license application. The applicant requested a hearing on the denial. A contested case hearing was held on June 18, 2025. The applicant did not appear at the hearing, so the OCCC moved for default dismissal. SOAH issued a Default Dismissal Order and remanded the case to the OCCC.

LAG Finance LLC (SOAH Docket No. 466-25-17998)

This case is an appeal of the OCCC's denial of a motor vehicle sales finance license application. The applicant provided incomplete and inconsistent information regarding previous transactions, and failed to address unlicensed activity by paying a late filing fee under Chapter 349 of the Texas Finance Code. Based on this, the OCCC notified the applicant of its intent to deny the license application. The applicant requested a hearing on the denial. After the OCCC docketed the case with SOAH, the applicant agreed to address unlicensed activity by paying a late filing fee. At the request of the parties, the hearing has been continued until September 10, 2025.

Enforcement Case Highlights

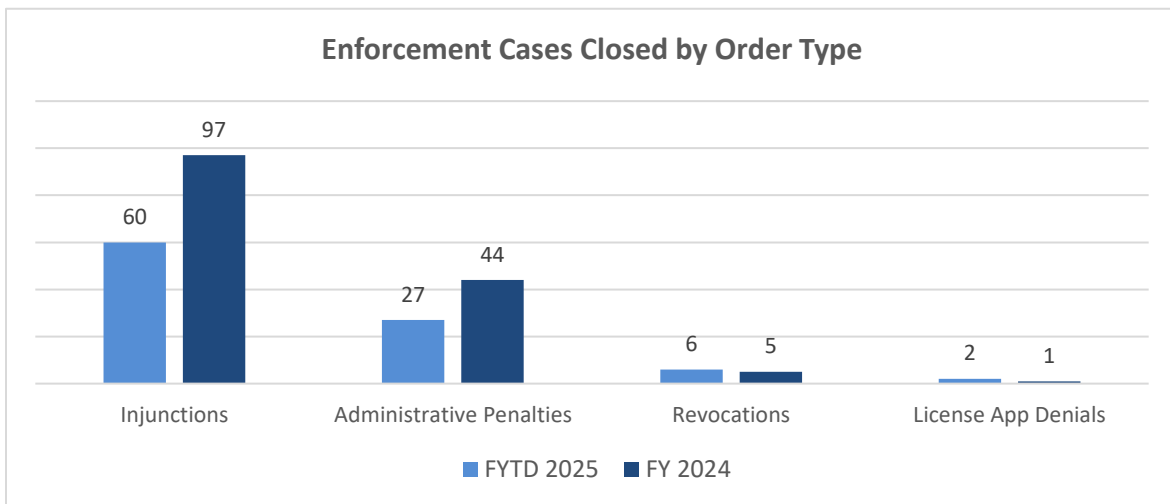
Orders on reporting violations

The Texas Finance Code and its implementing rules require regulated lenders and credit access businesses to file periodic reports with the OCCC describing transaction activity. If licensees violate this requirement, the OCCC's typical practice is to send an injunction for the first violation, followed by administrative penalties for subsequent violations. In July 2025, the OCCC issued 42 orders against regulated lenders for failing to file 2024 annual reports by the deadline of May 1, 2025. Also in July 2025, the OCCC issued four orders against credit access businesses for failing to file 2025 first quarter reports by the deadline of April 30, 2025.

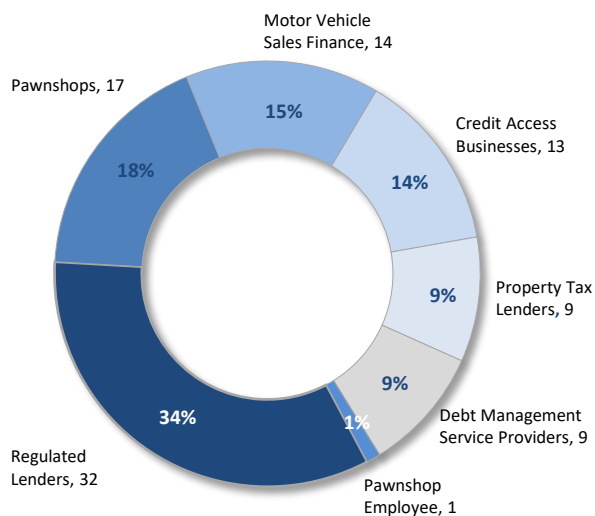
Enforcement Case Tracking

The following table includes enforcement case tracking information for FY 2025 to date (September 1, 2024, through July 31, 2025) and FY 2024 (September 1, 2023, through August 31, 2024).

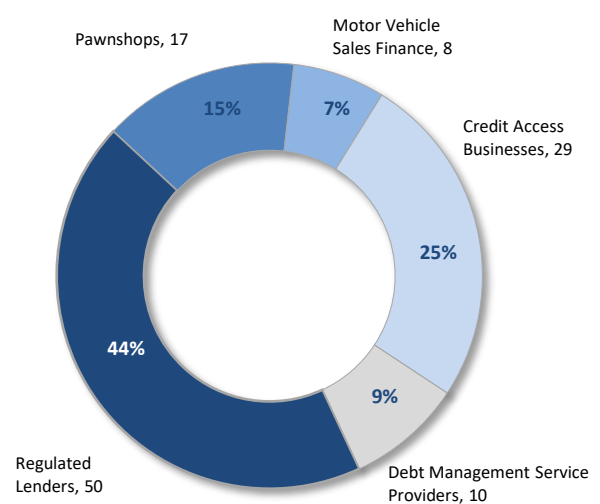
Enforcement Case Tracking Information	FYTD 2025	FY 2024
Enforcement Cases Opened	136	117
Enforcement Cases Closed	95	147
Enforcement Cases Closed by Final Order	92	140
Average Number of Days to Close an Enforcement Action	88	79
Contested Cases Docketed at SOAH	2	1



**Cases Closed by Industry
FYTD 2025**



**Cases Closed by Industry
FY 2024**



Rulemaking

At the August meeting, the OCCC is presenting the following rule actions:

- Proposed amendments to 7 TAC Chapter 2 (relating to residential mortgage loan originators) to implement military licensing requirements under HB 5629 and SB 1818 (2025).
- Proposed amendments to 7 TAC Chapter 83, Subchapter B (relating to credit access businesses) to adjust annual license assessments.
- Proposed amendments to 7 TAC Chapter 85, Subchapter A (relating to pawnshops) to implement military licensing requirements under HB 5629 and SB 1818 (2025).

At the October meeting, the OCCC intends to present the following rule actions:

- Readoption of 7 TAC Chapter 89 (relating to property tax lenders), as well as any proposed amendments to that chapter, resulting from rule review.
- Proposed amendments to 7 TAC Chapter 83, Subchapter A (relating to regulated lenders) to implement the transition to NMLS.

Advisory Guidance

From June 1, 2025, to July 31, 2025, the OCCC did not issue any advisory bulletins.

From June 1, 2025, to July 31, 2025, the OCCC did not receive any requests for official interpretations of the Texas Finance Code. As of July 31, 2025, there were no pending requests for official interpretations of the Texas Finance Code.

Public Information Requests

Public Information Tracking Information	FYTD 2025	FY 2024
Public Information Requests Received	113	144
Public Information Requests Closed	106	134
Public Information Requests Withdrawn	4	8
Public Information Requests Referred to Office of Attorney General	2	0
Average Number of Days to Address a Public Information Request	2.8	2.5

Gifts Received by the OCCC

From June 1, 2025, to July 31, 2025, the OCCC received no gifts.

B. OFFICE OF CONSUMER CREDIT COMMISSIONER

3. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 1, Chapter 2, Concerning Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner

PURPOSE: The purpose of the proposed rule changes to 7 TAC Chapter 2 is to specify residential mortgage loan originator licensing requirements for military service members, military veterans, and military spouses, in accordance with Chapter 55 of the Texas Occupations Code, as amended by HB 5629 and SB 1818 (2025).

RECOMMENDED ACTION: The OCCC requests that the Finance Commission approve the amendments to 7 TAC Chapter 2 for publication in the *Texas Register*.

RECOMMENDED MOTION: I move that the Finance Commission approve for publication and comment the amendments to 7 TAC Chapter 2.

Title 7, Texas Administrative Code

Part 1. Finance Commission of Texas

Chapter 2. Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner

Subchapter A. Application Procedures

The Finance Commission of Texas (commission) proposes amendments to §2.108 (relating to Military Licensing) in 7 TAC Chapter 2, concerning Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner.

The rules in 7 TAC Chapter 2 govern residential mortgage loan originators (RMLOs) licensed by the Office of Consumer Credit Commissioner (OCCC) under Texas Finance Code, Chapter 180. In general, the purpose of the proposed rule changes is to specify RMLO licensing requirements for military service members, military veterans, and military spouses, in accordance with Chapter 55 of the Texas Occupations Code, as amended by HB 5629 and SB 1818 (2025).

The OCCC distributed an early precomment draft of proposed changes to interested stakeholders for review. The OCCC did not receive any precomments from stakeholders on the draft of the proposed changes.

Chapter 55 of the Texas Occupations Code describes licensing requirements for military service members, military veterans, and military spouses. Chapter 55 applies to licenses that "must be obtained by an individual to engage in a particular business." Tex. Occ. Code §55.001(3). Chapter 55 includes an expedited license application procedure for certain previously licensed individuals and authorizes certain individuals licensed in other states to engage in licensed occupations in Texas.

HB 5629, which the Texas Legislature passed in 2025, amends various provisions in Chapter 55. Specifically, HB 5629 revises language in Texas Occupations Code, §55.004, on issuing a license to a service member, veteran, or spouse holding a license issued by another state. HB 5629 also amends Texas Occupations Code, §55.0041, to specify documentation required for a service member or spouse to obtain an authorization to practice in Texas based on holding a license in another state. In addition, HB 5629 adds new Texas Occupations Code, §55.0042, describing how a state agency determines whether a person is "in good standing" with another state's licensing authority. Finally, HB 5629 amends Texas Occupations Code, §55.005, to specify a 10-business-day period for issuing a license to an applicant who qualifies under Texas Occupations Code, §55.004. HB 5629 has been approved by the governor and will be effective September 1, 2025.

SB 1818, which the Texas Legislature passed in 2025, also amends Chapter 55. Specifically, SB 1818 amends Texas Occupations Code, §55.004 and §55.0041, to describe circumstances where an agency issues a provisional license and the duration of a provisional license. SB 1818 has been approved by the governor and will be effective September 1, 2025.

Proposed amendments to §2.108 would implement the statutory amendments from HB 5629 and SB 1818 for RMLOs licensed by the OCCC. Proposed amendments to §2.108(b) clarify that the term "in good

standing" has the meaning provided by Texas Occupations Code, §55.0042 (a new statutory section added by HB 5629). Proposed amendments to §2.108(d) specify the expedited licensing procedure under Texas Occupations Code, §55.004 and §55.005 (as amended by HB 5629 and SB 1818). Finally, proposed amendments to §2.108(e) specify the recognition of out-of-state under Texas Occupations Code, §55.0041 (as amended by HB 5629 and SB 1818). This includes HB 5629's technical changes and SB 1818's changes related to provisional licenses. Other clarifying amendments are proposed throughout §2.108 to improve the section's structure and readability.

Mirand Diamond, Director of Licensing, Finance and Human Resources, has determined that for the first five-year period the proposed rule changes are in effect, there will be no fiscal implications for state or local government as a result of administering the rule changes.

Christine Graham, Director of Consumer Protection, has determined that for each year of the first five years the proposed amendments are in effect, the public benefit anticipated as a result of the changes will be that the commission's rules will ensure that the OCCC can effectively administer military licensing requirements under Texas Occupations Code, Chapter 55.

The OCCC does not anticipate economic costs to persons who are required to comply with the rule changes as proposed.

The OCCC is not aware of any adverse economic effect on small businesses, micro-businesses, or rural communities resulting from this proposal. But in order to obtain more complete information concerning the economic effect of these rule changes, the

OCCC invites comments from interested stakeholders and the public on any economic impacts on small businesses, as well as any alternative methods of achieving the purpose of the proposal while minimizing adverse impacts on small businesses, micro-businesses, and rural communities.

During the first five years the proposed rule changes will be in effect, the rules will not create or eliminate a government program. Implementation of the rule changes will not require the creation of new employee positions or the elimination of existing employee positions. Implementation of the rule changes will not require an increase or decrease in future legislative appropriations to the OCCC, because the OCCC is a self-directed, semi-independent agency that does not receive legislative appropriations. The proposal does not require an increase or decrease in fees paid to the OCCC. The proposal would not create a new regulation. The proposal would expand current §2.108 in accordance with HB 5629 and SB 1818. The proposal would not limit or repeal an existing regulation. The proposed rule changes do not increase or decrease the number of individuals subject to the rule's applicability. The agency does not anticipate that the proposed rule changes will have an effect on the state's economy.

Comments on the proposal may be submitted in writing to Matthew Nance, General Counsel, Office of Consumer Credit Commissioner, 2601 North Lamar Boulevard, Austin, Texas 78705 or by email to rule.comments@occc.texas.gov. To be considered, a written comment must be received on or before the 30th day after the date the proposal is published in the *Texas Register*. After the 30th day after the proposal is published in the *Texas Register*, no further

written comments will be considered or accepted by the commission.

The rule amendments are proposed under Texas Occupations Code, §55.004 and §55.0041 (as amended by HB 5629 and SB 1818), which authorize a state agency to adopt rules implementing requirements of Texas Occupations Code, Chapter 55. The rule amendments are also proposed under Section 7 of HB 5629, which authorizes a state agency to adopt or modify rules to implement HB 5629's changes, and Section 3 of SB 1818, which authorizes a state agency to adopt rules to implement SB 1818's changes. In addition, Texas Finance Code, §180.004 authorizes the commission to implement rules to comply with Texas Finance Code, Chapter 180.

The statutory provisions affected by the proposal are contained in Texas Occupations Code, Chapter 55 and Texas Finance Code, Chapter 180.

§2.108. Military Licensing

(a) Purpose. The purpose of this section is to specify residential mortgage loan originator licensing requirements for military service members, military veterans, and military spouses, in accordance with Texas Occupations Code, Chapter 55.

(b) Definitions. In this section: ~~[-the terms "military service member," "military spouse," and "military veteran" have the meanings provided by Texas Occupations Code, §55.001.]~~

(1) The terms "military service member," "military spouse," and "military veteran" have the meanings provided by Texas Occupations Code, §55.001.

(2) The term "in good standing" has the meaning provided by Texas Occupations Code, §55.0042.

(c) Late renewal. As provided by Texas Occupations Code, §55.002, an individual is exempt from any increased fee or other penalty for failing to renew a residential mortgage loan originator license in a timely manner, if the individual establishes to the satisfaction of the OCCC that the individual failed to renew the license in a timely manner because the individual was serving as a military service member.

~~(d) Expedited license procedure under [-As provided by] Texas Occupations Code, §55.004 and §55.005, [-no later than the 30th day after the OCCC receives a complete residential mortgage loan originator license application from a qualifying applicant who is a military service member, military veteran, or military spouse, the OCCC will process the application and issue a license to the applicant, if the applicant:]~~

(1) The expedited license procedure in this subsection applies to a qualifying applicant who is a military service member, military veteran, or military spouse, if the applicant: [holds a current license in another jurisdiction as a residential mortgage loan originator in accordance with the S.A.F.E. Mortgage Licensing Act, 12 U.S.C. §§5101-5117; or]

(A) holds a current license in good standing in another state as a residential mortgage loan originator in accordance with the S.A.F.E. Mortgage Licensing Act, 12 U.S.C. §§5101-5117; or

(B) held a residential mortgage loan originator license in Texas within the five years preceding the application date.

PROPOSED AMENDMENTS

7 TAC CHAPTER 2

Page 4 of 5

(2) After the OCCC receives a complete license application from a qualifying applicant under Texas Occupations Code, §55.004 and this subsection, the OCCC will promptly issue a provisional license to the applicant or issue the license for which the applicant applies. A provisional license expires on the earlier of: [held a residential mortgage loan originator license in Texas within the five years preceding the application date.]

(A) the date the OCCC approves or denies the application; or

(B) the 180th day after the date the provisional license is issued.

(3) Not later than the 10th day after the OCCC receives a complete license application from a qualifying applicant under Texas Occupations Code, §55.004 and this subsection, the OCCC will process the application and either:

(A) approve the license application and issue a license to the applicant; or

(B) if the applicant does not meet the eligibility requirements for a license under Texas Finance Code, Chapter 180, deny the license application or send a notice of intent to deny the application.

(e) Recognition of out-of-state license [Authorization] for military service member or [members and] military spouse [spouses] under Texas Occupations Code, §55.0041.

(1) As provided by Texas Occupations Code, §55.0041, a military service member or military spouse may engage in business as a residential mortgage

loan originator if the member or spouse is currently licensed in good standing in another state [jurisdiction] as a residential mortgage loan originator in accordance with the S.A.F.E. Mortgage Licensing Act, 12 U.S.C. §§5101-5117.

(2) Before engaging in business in Texas, the military service member or military spouse must comply with the notification requirements described by Texas Occupations Code, §55.0041(b). If the member or spouse does not obtain a residential mortgage loan originator license in Texas, then the member or spouse is limited to the time period described by Texas Occupations Code, §55.0041(d)-(d-1).

(3) After the OCCC receives the information required by Texas Occupations Code, §55.0041(b) from a qualifying applicant, the OCCC will promptly send a notification under subsection (e)(4) of this section or issue a provisional license to the applicant. A provisional license expires on the earlier of:

(A) the date the OCCC sends a notification under subsection (e)(4) of this section; or

(B) the 180th day after the date the provisional license is issued.

(4) Not later than the 10th business day after the date the OCCC receives the information required by Texas Occupations Code, §55.0041(b) from a qualifying applicant, the OCCC will notify the applicant that:

(A) the OCCC recognizes the applicant's out-of-state license;

(B) the application is incomplete;
or

(C) the OCCC is unable to recognize the applicant's out-of-state license because the OCCC does not issue a license similar in scope of practice to the applicant's license.

(5) [(3)] For purposes of this subsection and Texas Occupations Code, §55.0041, a residential mortgage loan originator license issued in another state [jurisdiction] is similar in scope of practice [substantially equivalent] to a Texas residential mortgage loan originator license if it is issued in accordance with the S.A.F.E. Mortgage Licensing Act, 12 U.S.C. §§5101-5117. The OCCC will verify a license issued in another state [jurisdiction] through NMLS. [The OCCC will review available information in NMLS no later than the 30th day after the military service member or military spouse submits the information required by Texas Occupations Code, §55.0041(b)(1)-(2)].

(f) Credit toward licensing requirements. As provided by Texas Occupations Code, §55.007, with respect to an applicant who is a military service member or military veteran, the OCCC will credit verified military service, training, or education toward the licensing requirements, other than an examination requirement, for a residential mortgage loan originator license, by considering the service, training, or education as part of the applicant's employment history.

Certification

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

Issued in Austin, Texas on August 15, 2025.

Matthew J. Nance
General Counsel
Office of Consumer Credit Commissioner

B. OFFICE OF CONSUMER CREDIT COMMISSIONER

4. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 5, Chapter 83, Subchapter B, Concerning Rules for Credit Access Businesses

PURPOSE: The purposes of the proposed rule changes to 7 TAC Chapter 83 are: (1) to adjust the amount of the assessment that credit access businesses pay to the Texas Financial Education Endowment, and (2) to adjust the annual license assessment paid by credit access businesses, in order to ensure that the assessments fund the ongoing cost of regulation.

RECOMMENDED ACTION: The OCCC requests that the Finance Commission approve the amendments to 7 TAC Chapter 83 for publication in the *Texas Register*.

RECOMMENDED MOTION: I move that the Finance Commission approve for publication and comment the amendments to 7 TAC Chapter 83.

Title 7, Texas Administrative Code
Part 5. Office of Consumer Credit Commissioner
Chapter 83. Regulated Lenders and Credit Access Businesses
Subchapter B. Rules for Credit Access Businesses
Division 3. Application Procedures

The Finance Commission of Texas (commission) proposes amendments to §83.3010 (relating to Fees) in 7 TAC Chapter 83, Subchapter B, concerning Rules for Credit Access Businesses.

The rule at §83.3010 relates to fees paid by credit access businesses to obtain and maintain a license with the Office of Consumer Credit Commissioner (OCCC). In general, the purposes of the proposed rule changes to 7 TAC §83.3010 are: (1) to adjust the amount of the assessment that credit access businesses pay to the Texas Financial Education Endowment, and (2) to adjust the annual license assessment paid by credit access businesses, in order to ensure that the assessments fund the ongoing cost of regulation. The proposed rule changes would not change the overall total dollar amount paid by credit access businesses to obtain and maintain their licenses.

The OCCC distributed an early precomment draft of proposed changes to interested stakeholders for review. The OCCC received seven precomments on the draft. The precomments are addressed later in this preamble.

Proposed amendments to §83.3010(a) and (g) would increase the new license assessment and annual assessment paid by credit access businesses by \$125 per license, while other amendments would offset this amount. The OCCC believes that this adjustment is necessary to ensure that the license assessments fund the ongoing costs of credit access business regulation. The OCCC is

responsible for the costs of its operations. Under Texas Finance Code, §16.002 and §16.003, the OCCC is a self-directed, semi-independent agency, and may set fees in amounts necessary for the purpose of carrying out its functions. Based on a decreasing population of credit access business licensees and increasing costs of regulation, the OCCC does not anticipate that the current license assessments will be sufficient to fund ongoing costs of credit access business regulation. For this reason, the commission is proposing a \$125 increase to annual license assessments and a decrease of \$125 to other portions of the annual fee.

Other proposed amendments to §83.3010(a) and (g) would decrease the portion of the annual license fee that credit access businesses pay toward the Texas Financial Education Endowment (TFEE), from \$200 to \$75. Currently, §83.3010(a)(3) and §83.3010(g)(4) require each licensed entity to pay a fee up to \$200 for a new license and each annual renewal, to contribute to TFEE. These provisions also explain that the commission may reduce the amount of the fee if it determines that the endowment is of a sufficient size to accomplish its purpose. As of March 2025, TFEE's fund balance was approximately \$11.3 million, with a projected annual earnings distribution of \$345,506. The fund balance and grant award amounts have increased substantially since TFEE was established in 2012. The OCCC and the commission believe that TFEE is at a level where it can sustain itself while remaining a substantial source for grants to support financial education in Texas. Future

grant awards would be funded by the \$75 annual contributions and the earnings of the endowment fund. The OCCC does not anticipate that the reduced contribution level will adversely affect the endowment's ability to continue to sustain grant funding.

The proposed rule changes would not change the overall total dollar amount paid by credit access businesses to obtain and maintain their licenses. This is because the \$125 decrease to the TFEE amount would exactly offset the \$125 increase to license assessments.

In response to the precomment draft, the OCCC received seven precomments from consumer and financial education groups. In general, the precomments expressed concerns about lowering the TFEE contribution and proposed that the contribution be maintained at \$200, in order to avoid a reduction in grant award amounts and ensure that TFEE continues to support financial education in Texas.

The OCCC appreciates the precomments from stakeholders and agrees that TFEE is an important resource that supports the financial independence of Texans. However, the OCCC respectfully disagrees with the claim that a \$75 TFEE contribution would substantially reduce grant awards. In June 2025, the commission approved a grant award amount of \$850,000 for the 2026-2027 grant cycle. The OCCC and the commission have some flexibility in determining how much funding is provided for each grant cycle. To guide funding recommendations, the OCCC generally uses an annual distribution amount of 3.5% of the 20-quarter moving average of the fund, as required by the TFEE investment policy. The annual distribution is multiplied by two, to account for a two-year grant cycle. For example, with a 3.5% annual distribution and the current

total number of credit access business licensees, a \$75 fee would continue to enable a similar grant award amount ($(\$345,505.93 \text{ estimated annual distribution} * 2 \text{ years}) + (\$75 * 1,060 \text{ credit access business licenses} * 2 \text{ years}) = \$850,011.86 \text{ total grant award amount}$). The OCCC also recognizes that with the Texas Legislature's enactment of HB 27 (2025), personal financial literacy will be a required part of the high school curriculum, meaning that further state resources will go toward financial education. For these reasons, the OCCC and the commission believe that now is an appropriate time to continue TFEE at a sustaining level rather than substantially growing the fund with each cycle.

Mirand Diamond, Director of Licensing, Finance and Human Resources, has determined that for the first five-year period the proposed rule changes are in effect, there will be no fiscal implications for state or local government as a result of administering the rule changes. The \$125 decrease in the amount that licensees pay toward TFEE will exactly offset the \$125 increase in license assessments. This means that the proposed rule changes will not change the total amount of revenue that the OCCC receives in connection with credit access business licensing and renewal.

Christine Graham, Director of Consumer Protection, has determined that for each year of the first five years the proposed amendments are in effect, the public benefit anticipated as a result of the changes will be to ensure that credit access business assessments continue to fund the ongoing costs of credit access business regulation.

The OCCC does not anticipate that the proposed rule changes will result in any economic costs to persons who are required

to comply with the proposed rule changes. The \$125 decrease in the amount that licensees pay toward TFEE will exactly offset the \$125 increase in license assessments. This means that the proposed rule changes will not change the total amount that credit access businesses pay to obtain or maintain their licenses.

The OCCC is not aware of any adverse economic effect on small businesses, micro-businesses, or rural communities resulting from this proposal. But in order to obtain more complete information concerning the economic effect of these rule changes, the OCCC invites comments from interested stakeholders and the public on any economic impacts on small businesses, as well as any alternative methods of achieving the purpose of the proposal while minimizing adverse impacts on small businesses, micro-businesses, and rural communities.

During the first five years the proposed rule changes will be in effect, the rules will not create or eliminate a government program. Implementation of the rule changes will not require the creation of new employee positions or the elimination of existing employee positions. Implementation of the rule changes will not require an increase or decrease in future legislative appropriations to the OCCC, because the OCCC is a self-directed, semi-independent agency that does not receive legislative appropriations. The proposal does not require an increase or decrease in fees paid to the OCCC, because the \$125 decrease in the amount that licensees pay toward TFEE will exactly offset the \$125 increase in license assessments. The proposal would not create a new regulation. The proposal would not limit, expand, or repeal an existing regulation. The proposed rule changes do not increase or decrease the number of

individuals subject to the rule's applicability. The agency does not anticipate that the proposed rule changes will have an effect on the state's economy.

Comments on the proposal may be submitted in writing to Matthew Nance, General Counsel, Office of Consumer Credit Commissioner, 2601 North Lamar Boulevard, Austin, Texas 78705 or by email to rule.comments@occc.texas.gov. To be considered, a written comment must be received on or before the 30th day after the date the proposal is published in the *Texas Register*. After the 30th day after the proposal is published in the *Texas Register*, no further written comments will be considered or accepted by the commission.

The rule amendments are proposed under Texas Finance Code, §14.107, which authorizes the commission to set credit access business licensing fees by rule and to establish reasonable and necessary fees for carrying out the OCCC's duties, and Texas Finance Code, §14.113, which authorizes the commission to adopt rules administering TFEE and to specify the amount of the annual TFEE assessment. In addition, Texas Finance Code, §16.003, authorizes the OCCC to set fee amounts as necessary for carrying out its functions. Also, Texas Finance Code, §393.622, authorizes the commission to adopt rules necessary to enforce and administer Texas Finance Code, Chapter 393, Subchapter G, regarding credit access businesses.

The statutory provisions affected by the proposal are contained in Texas Finance Code, Chapters 14 and 393.

§83.3010. Fees

- (a) New licenses.

(1) Investigation fees. A \$200 non-refundable investigation fee is assessed on the filing of one or more license applications owned or controlled by the same person. A separate investigation fee may be imposed for multiple license applications for good cause in accordance with Texas Finance Code, §393.604(b).

(2) Assessment fees. An assessment fee of \$725 [~~\$600~~] per active license and \$375 [~~\$250~~] per inactive license is assessed each time an application for a new license is filed. This assessment fee will be refunded if the application is not approved.

(3) Fee for Texas Financial Education Endowment. A fee not to exceed \$75 [~~\$200~~] is assessed each time an application for a new license is filed, in order to contribute to the Texas Financial Education Endowment. The finance commission may reduce the amount of the fee if it determines that the endowment is of a sufficient size to accomplish its purpose. This fee will be refunded if the application is not approved.

(b) - (f) (No change.)

(g) Annual renewal and assessment fees.

(1) An annual assessment fee is required for each license consisting of:

(A) a fixed fee not to exceed \$725 [~~\$600~~]; and

(B) a volume fee based upon the volume of business that consists of an amount not to exceed \$0.03 per each \$1,000 advanced for license holders whose operations occur within Texas Finance Code, Chapter 393 in accordance with the most

recent annual report required by §83.5001 of this title (relating to Data Reporting Requirements).

(2) The annual assessment fee for an inactive license is \$375 [~~\$250~~].

(3) The maximum annual assessment fee for each licensed entity will not average more than \$1,325 [~~\$1,200~~] per active licensed location.

(4) In addition to the annual assessment fee, a fee not to exceed \$75 [~~\$200~~] is required for each annual renewal of a licensed entity, in order to contribute to the Texas Financial Education Endowment. The finance commission may reduce the amount of the fee if it determines that the endowment is of a sufficient size to accomplish its purpose.

Certification

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

Issued in Austin, Texas on August 15, 2025.

Matthew J. Nance
General Counsel
Office of Consumer Credit Commissioner

B. OFFICE OF CONSUMER CREDIT COMMISSIONER

5. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 5, Chapter 85, Subchapter A, Concerning Rules of Operation for Pawnshops

PURPOSE: The purpose of the proposed rule changes to 7 TAC Chapter 85 is to specify pawnshop employee licensing requirements for military service members, military veterans, and military spouses, in accordance with Chapter 55 of the Texas Occupations Code, as amended by HB 5629 and SB 1818 (2025).

RECOMMENDED ACTION: The OCCC requests that the Finance Commission approve the amendments to 7 TAC Chapter 85 for publication in the *Texas Register*.

RECOMMENDED MOTION: I move that the Finance Commission approve for publication and comment the amendments to 7 TAC Chapter 85.

Title 7, Texas Administrative Code
Part 5. Office of Consumer Credit Commissioner
Chapter 85. Pawnshops and Crafted Precious Metal Dealers
Subchapter A. Rules of Operation for Pawnshops
Division 3. Pawnshop Employee License

The Finance Commission of Texas (commission) proposes amendments to §85.309 (relating to Military Licensing) in 7 TAC Chapter 85, Subchapter A, concerning Rules of Operation for Pawnshops.

The rules in 7 TAC Chapter 85, Subchapter A govern pawnshops and pawnshop employees licensed by the Office of Consumer Credit Commissioner (OCCC) under Texas Finance Code, Chapter 371. In general, the purpose of the proposed rule changes is to specify pawnshop employee licensing requirements for military service members, military veterans, and military spouses, in accordance with Chapter 55 of the Texas Occupations Code, as amended by HB 5629 and SB 1818 (2025).

The OCCC distributed an early precomment draft of proposed changes to interested stakeholders for review. The OCCC received an informal precomment from an association of pawnbrokers supporting the proposed changes. The OCCC appreciates the thoughtful input of stakeholders.

Chapter 55 of the Texas Occupations Code describes licensing requirements for military service members, military veterans, and military spouses. Chapter 55 applies to licenses that "must be obtained by an individual to engage in a particular business." Tex. Occ. Code §55.001(3). Chapter 55 includes an expedited license application procedure for certain previously licensed individuals and authorizes certain individuals licensed in other states to engage in licensed occupations in Texas.

HB 5629, which the Texas Legislature passed in 2025, amends various provisions in Chapter 55. Specifically, HB 5629 revises language in Texas Occupations Code, §55.004, on issuing a license to a service member, veteran, or spouse holding a license issued by another state. HB 5629 also amends Texas Occupations Code, §55.0041, to specify documentation required for a service member or spouse to obtain an authorization to practice in Texas based on holding a license in another state. In addition, HB 5629 adds new Texas Occupations Code, §55.0042, describing how a state agency determines whether a person is "in good standing" with another state's licensing authority. Finally, HB 5629 amends Texas Occupations Code, §55.005, to specify a 10-business-day period for issuing a license to an applicant who qualifies under Texas Occupations Code, §55.004. HB 5629 has been approved by the governor and will be effective September 1, 2025.

SB 1818, which the Texas Legislature passed in 2025, also amends Chapter 55. Specifically, SB 1818 amends Texas Occupations Code, §55.004 and §55.0041, to describe circumstances where an agency issues a provisional license and the duration of a provisional license. SB 1818 has been approved by the governor and will be effective September 1, 2025.

Proposed amendments to §85.309 would implement the statutory amendments from HB 5629 and SB 1818 for pawnshop employees licensed by the OCCC. Proposed

amendments to §85.309(b) clarify that the term "in good standing" has the meaning provided by Texas Occupations Code, §55.0042 (a new statutory section added by HB 5629). Proposed amendments to §85.309(d) specify the expedited licensing procedure under Texas Occupations Code, §55.004 and §55.005 (as amended by HB 5629 and SB 1818). Finally, proposed amendments to §85.309(e) specify the recognition of out-of-state under Texas Occupations Code, §55.0041 (as amended by HB 5629 and SB 1818). This includes HB 5629's technical changes and SB 1818's changes related to provisional licenses. Other clarifying amendments are proposed throughout §85.309 to improve the section's structure and readability.

Mirand Diamond, Director of Licensing, Finance and Human Resources, has determined that for the first five-year period the proposed rule changes are in effect, there will be no fiscal implications for state or local government as a result of administering the rule changes.

Christine Graham, Director of Consumer Protection, has determined that for each year of the first five years the proposed amendments are in effect, the public benefit anticipated as a result of the changes will be that the commission's rules will ensure that the OCCC can effectively administer military licensing requirements under Texas Occupations Code, Chapter 55.

The OCCC does not anticipate economic costs to persons who are required to comply with the rule changes as proposed.

The OCCC is not aware of any adverse economic effect on small businesses, micro-businesses, or rural communities resulting from this proposal. But in order to obtain

more complete information concerning the economic effect of these rule changes, the OCCC invites comments from interested stakeholders and the public on any economic impacts on small businesses, as well as any alternative methods of achieving the purpose of the proposal while minimizing adverse impacts on small businesses, micro-businesses, and rural communities.

During the first five years the proposed rule changes will be in effect, the rules will not create or eliminate a government program. Implementation of the rule changes will not require the creation of new employee positions or the elimination of existing employee positions. Implementation of the rule changes will not require an increase or decrease in future legislative appropriations to the OCCC, because the OCCC is a self-directed, semi-independent agency that does not receive legislative appropriations. The proposal does not require an increase or decrease in fees paid to the OCCC. The proposal would not create a new regulation. The proposal would expand current §85.309 in accordance with HB 5629 and SB 1818. The proposal would not limit or repeal an existing regulation. The proposed rule changes do not increase or decrease the number of individuals subject to the rule's applicability. The agency does not anticipate that the proposed rule changes will have an effect on the state's economy.

Comments on the proposal may be submitted in writing to Matthew Nance, General Counsel, Office of Consumer Credit Commissioner, 2601 North Lamar Boulevard, Austin, Texas 78705 or by email to rule.comments@occc.texas.gov. To be considered, a written comment must be received on or before the 30th day after the date the proposal is published in the *Texas Register*. After the 30th day after the proposal

PROPOSED AMENDMENTS

7 TAC CHAPTER 85

Page 3 of 5

is published in the *Texas Register*, no further written comments will be considered or accepted by the commission.

The rule amendments are proposed under Texas Occupations Code, §55.004 and §55.0041 (as amended by HB 5629 and SB 1818), which authorize a state agency to adopt rules implementing requirements of Texas Occupations Code, Chapter 55. The rule amendments are also proposed under Section 7 of HB 5629, which authorizes a state agency to adopt or modify rules to implement HB 5629's changes, and Section 3 of SB 1818, which authorizes a state agency to adopt rules to implement SB 1818's changes. The rule amendments are also proposed under Texas Finance Code, §371.006, which authorizes the commission to adopt rules to enforce Texas Finance Code, Chapter 371. In addition, Texas Finance Code, §11.304 authorizes the commission to adopt rules necessary to supervise the OCCC and ensure compliance with Texas Finance Code, Chapter 14 and Title 4.

The statutory provisions affected by the proposal are contained in Texas Occupations Code, Chapter 55 and Texas Finance Code, Chapter 371.

§85.309. Military Licensing

(a) Purpose and scope. The purpose of this section is to specify pawnshop employee licensing requirements for military service members, military veterans, and military spouses, in accordance with Texas Occupations Code, Chapter 55. This section applies only to employees of pawnbrokers that participate in the pawnshop employee license program.

(b) Definitions. In this section: [~~the terms "military service member," "military~~

~~spouse," and "military veteran" have the meanings provided by Texas Occupations Code, §55.001.~~]

(1) The terms "military service member," "military spouse," and "military veteran" have the meanings provided by Texas Occupations Code, §55.001.

(2) The term "in good standing" has the meaning provided by Texas Occupations Code, §55.0042.

(c) Late renewal. As provided by Texas Occupations Code, §55.002, an individual is exempt from any increased fee or other penalty for failing to renew a pawnshop employee in a timely manner, if the individual establishes to the satisfaction of the OCCC that the individual failed to renew the license in a timely manner because the individual was serving as a military service member.

(d) Expedited license procedure under [~~As provided by~~] Texas Occupations Code, §55.004 and §55.005. [~~no later than the 30th day after the OCCC receives a complete pawnshop employee license application from a qualifying applicant who is a military service member, military veteran, or military spouse, the OCCC will process the application and issue a license to the applicant, if the applicant:~~]

(1) The expedited license procedure in this subsection applies to a qualifying applicant who is a military service member, military veteran, or military spouse, if the applicant: [holds a current license in another jurisdiction that has licensing requirements that are substantially equivalent to the requirements for a pawnshop employee license in Texas; or]

(A) holds a current license in good standing in another state as a pawnshop employee; or

(B) held a pawnshop employee license in Texas within the five years preceding the application date.

(2) After the OCCC receives a complete license application from a qualifying applicant under Texas Occupations Code, §55.004 and this subsection, the OCCC will promptly issue a provisional license to the applicant or issue the license for which the applicant applies. A provisional license expires on the earlier of: [held a pawnshop employee license in Texas within the five years preceding the application date.]

(A) the date the OCCC approves or denies the application; or

(B) the 180th day after the date the provisional license is issued.

(3) Not later than the 10th day after the OCCC receives a complete license application from a qualifying applicant under Texas Occupations Code, §55.004 and this subsection, the OCCC will process the application and either:

(A) approve the license application and issue a license to the applicant; or

(B) if the applicant does not meet the eligibility requirements for a pawnshop employee license under Texas Finance Code, Chapter 371, deny the license application or send a notice of intent to deny the application.

(e) Recognition of out-of-state license [Authorization] for military service member

or [members and] military spouse [spouses] under Texas Occupations Code, §55.0041.

(1) As provided by Texas Occupations Code, §55.0041, a military service member or military spouse may engage in business as a pawnshop employee if the member or spouse holds a current license issued by another state that is similar in scope of practice to the Texas pawnshop employee license and is in good standing with that state's licensing authority [is currently licensed in good standing in another jurisdiction that has licensing requirements that are substantially equivalent to the requirements for a pawnshop employee license in Texas].

(2) Before engaging in business in Texas, the military service member or military spouse must comply with the notification requirements described by Texas Occupations Code, §55.0041(b), and must notify the OCCC of the state [jurisdiction] where the member or [military] spouse is licensed and how the license can be verified. If the member or spouse does not obtain a pawnshop employee license in Texas, then the member or spouse is limited to the time period described by Texas Occupations Code, §55.0041(d)-(d-1).

(3) After the OCCC receives the information required by Texas Occupations Code, §55.0041(b) from a qualifying applicant, the OCCC will promptly send a notification under subsection (e)(4) of this section or issue a provisional license to the applicant. A provisional license expires on the earlier of:

(A) the date the OCCC sends a notification under subsection (e)(4) of this section; or

(B) the 180th day after the date the provisional license is issued.

(4) Not later than the 10th business day after the date the OCCC receives the information required by Texas Occupations Code, §55.0041(b) from a qualifying applicant, the OCCC will notify the applicant that:

(A) the OCCC recognizes the applicant's out-of-state license;

(B) the application is incomplete;
or

(C) the OCCC is unable to recognize the applicant's out-of-state license because the OCCC does not issue a license similar in scope of practice to the applicant's license.

(5) [(3)] For purposes of this section and Texas Occupations Code, §55.0041, the OCCC will determine whether another state's license is similar in scope of practice to the Texas pawnshop employee license [the other jurisdiction's licensing requirements are substantially similar to Texas's] by reviewing the applicable legal requirements that a license holder must comply with in the other state [jurisdiction], as well as the application review process in the other state [jurisdiction]. The OCCC will verify a license issued in another state [jurisdiction] by requesting records from the appropriate licensing authority. [The OCCC will send a request for records to the appropriate licensing authority no later than the 30th day after the military service member or military spouse submits the information required by Texas Occupations Code, §55.0041(b)(1)-(2)].

(f) Credit toward licensing requirements. As provided by Texas Occupations Code, §55.007, with respect to an applicant who is a military service member or military veteran, the OCCC will credit verified military service, training, or education toward the licensing requirements for a pawnshop employee license, by considering the service, training, or education as part of the applicant's employment history.

Certification

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

Issued in Austin, Texas on August 15, 2025.

Matthew J. Nance
General Counsel
Office of Consumer Credit Commissioner

C.

**Department of Savings and
Mortgage Lending**

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C. Department of Savings and Mortgage Lending

1. Industry Status and Departmental Operations

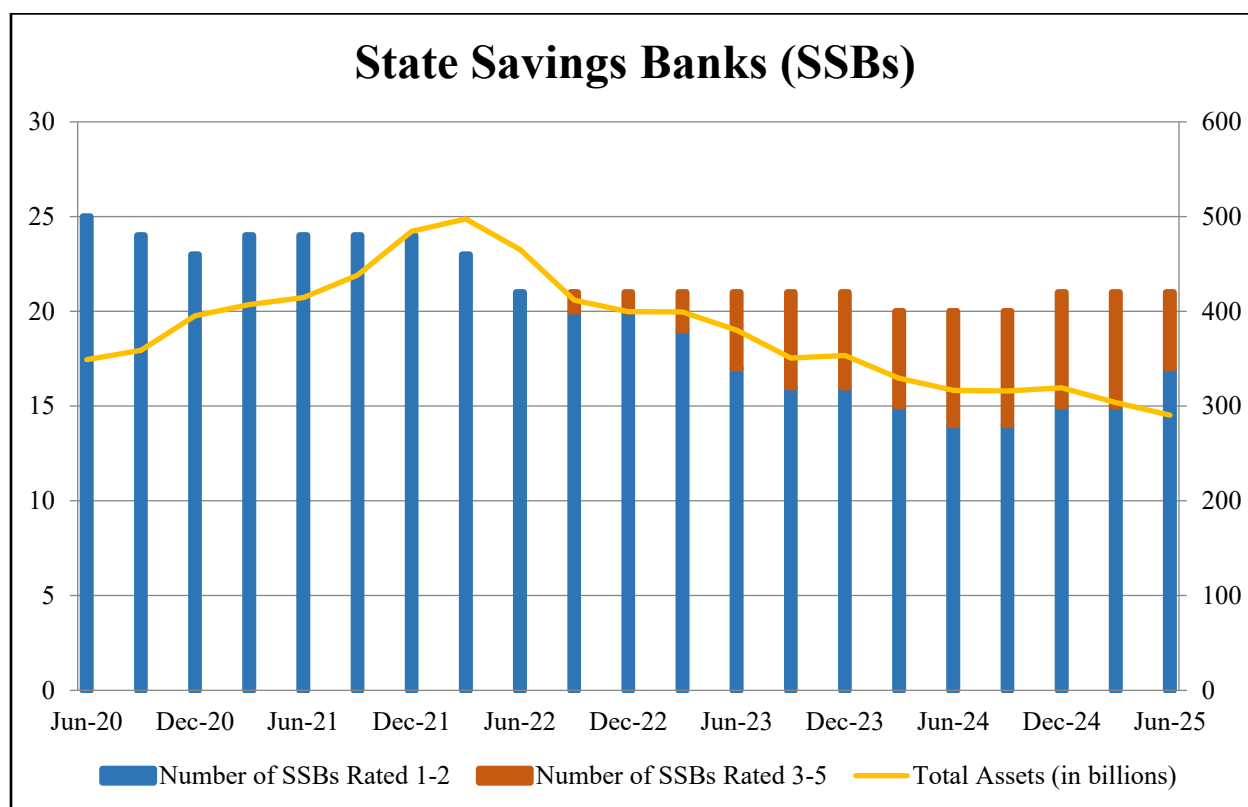
a) Thrift Regulation Division Activities

Industry Status

a) Industry Status

SML continues to monitor various local, state, and national data sources to understand the risks facing the industry and individual savings banks.

SML 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 is comprised of 21 state savings banks with assets totaling \$290.5 billion as of June 30, 2025. As of June 30, 2025, 81% of banks were well-rated, with four informal and two formal supervisory actions in place.



Thrift Examination Activity Report

On-site examinations and visitations are being conducted based on a risk priority schedule.

Thrift Supervision Activity Report

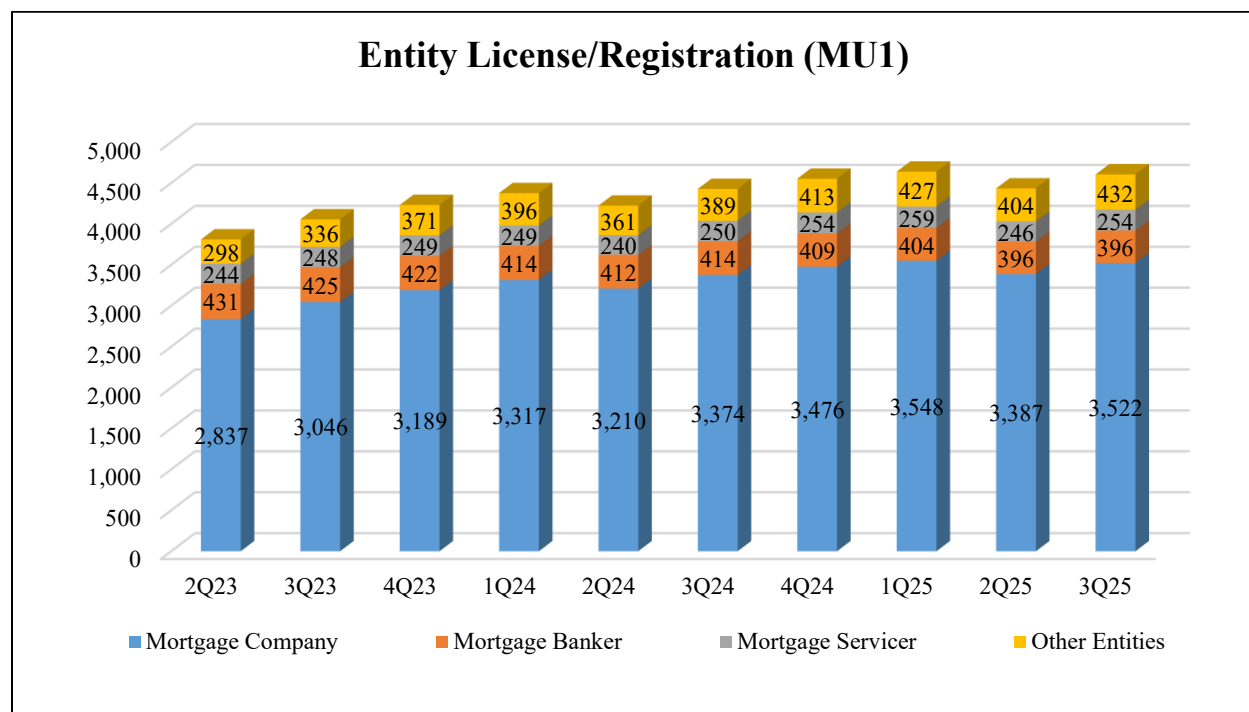
The Thrift Supervision section continues to receive and process various requests for approval, including branch, subsidiary, and holding company applications.

b) Mortgage Regulation Division Activities

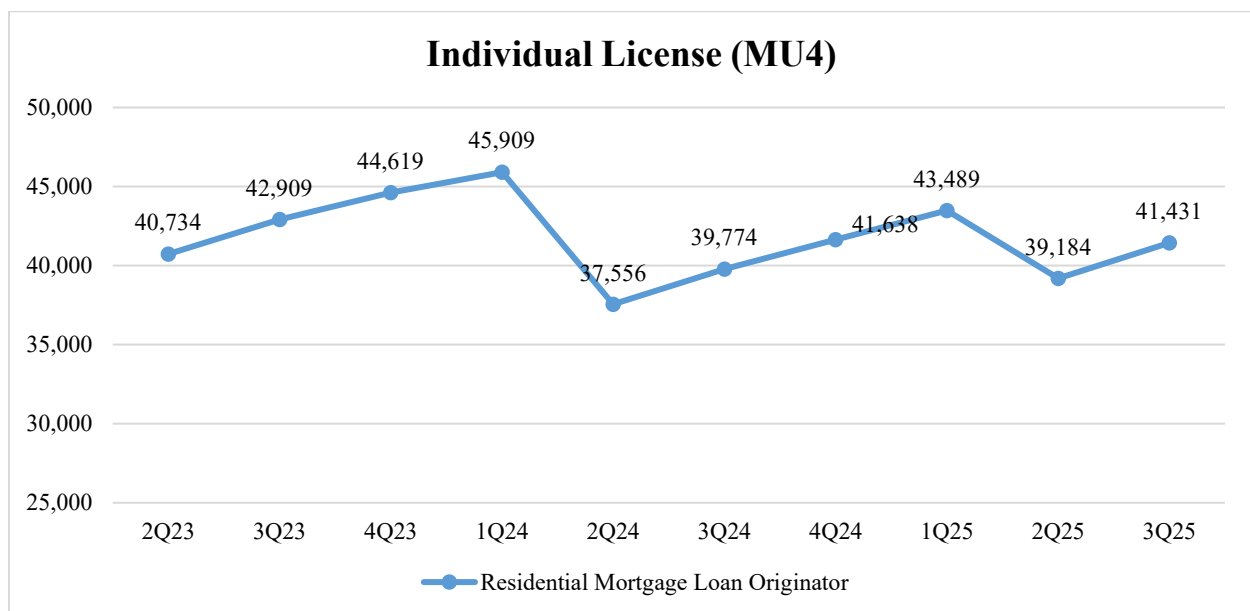
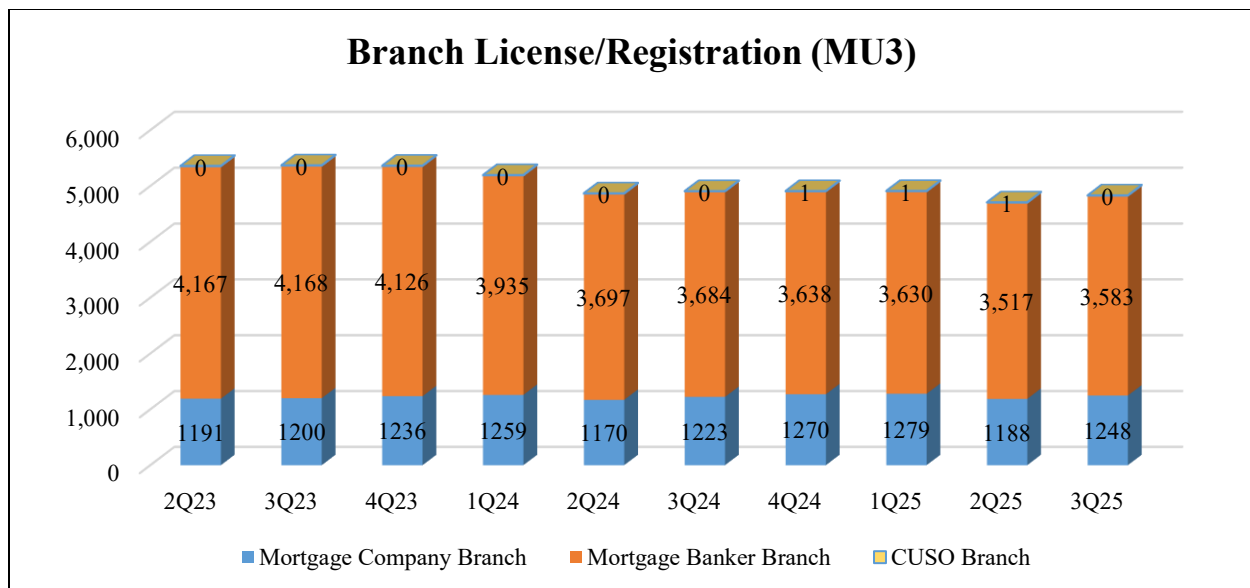
Industry Status

SML continues to monitor various local, state, and national sources to identify issues impacting the mortgage industry, including interest rate changes, housing supply and demand, availability and affordability of homeowners' and flood insurance, the mortgage-backed securities (MBSs) market, and trends in homeownership.

The charts below reflect historical information regarding the number of licenses and registrations in an approved status.



Other entities include Auxiliary Mortgage Loan Activity Company, Credit Union Subsidiary Organization (CUSO), Financial Services Company, and Independent Contractor Processor/Underwriter Company.

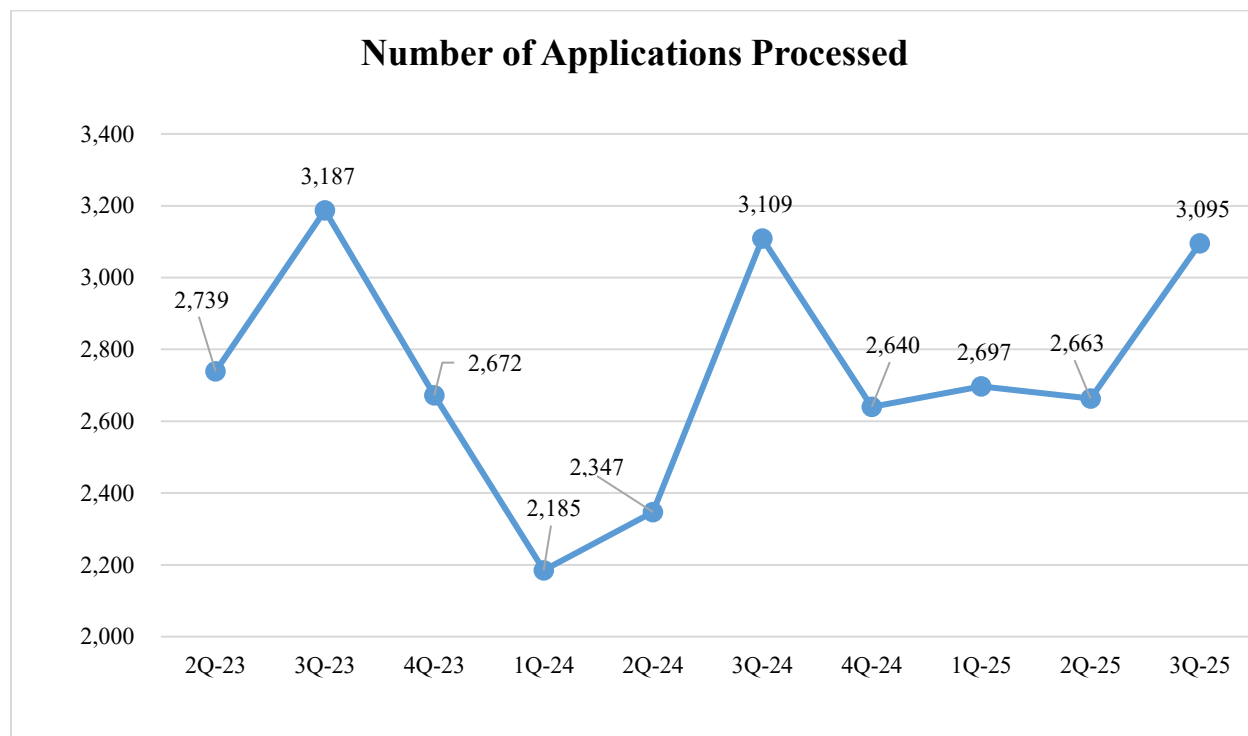


The most notable elements from the three graphs shown above are the moderating growth in the number of licensed mortgage companies (4.38% increase from FY2024 to FY2025) and the increasing number of licensed residential mortgage loan originators (4.16% increase from FY2024 to FY2025).

Licensing Activity Report

For the third quarter of FY2025, the Mortgage Licensing section processed 3,095 applications and approved 2,726 applications, including 202 mortgage entities, 376 branch offices, and 2,148 residential mortgage loan originators. The remaining 369 applications were either withdrawn by the applicant or denied by the Department.

The chart below shows the historical information on the total number of applications processed by SML.



According to NMLS Data Analytics, for the third quarter of FY2025, the Mortgage Licensing section processed 20,237 license amendments, 1,498 credit report reviews, 4,963 sponsorship removals, and 4,521 sponsorship requests.

Mortgage Examination Activity Report

For the third quarter of FY2025, the Mortgage Examination section issued 115 examinations covering 2,137 individual licensees. Compared to the same reporting period in FY2024, the overall number of examinations issued (115 versus 105) increased by 9.52%; however, the number of individual licensees examined (2,137 versus 2,338) declined by 8.60%.

The most common violations identified in the examinations included unlicensed independent loan processors, unlicensed residential mortgage loan originators, inadequate recordkeeping, failure to maintain adequate policies and procedures (e.g., Anti-Money Laundering Programs, Identity Theft Prevention Programs, Information Security Programs, and Remote Work Policies), non-compliant social media advertisements, and non-compliant Conditional Pre-Qualification/Conditional Approval Letters.

For the first three quarters of FY2025, SML has:

- Participated in two Multi-state Mortgage Committee (MMC) and One-Company-One-Exam (OCOE) origination examinations;

- Participated in two origination and servicing examinations with other state regulatory agencies; and
- Accepted two MMC servicing examinations.

SML is currently participating in two OCOE origination examinations of large mortgage bankers.

Outreach and Training

Manager of Licensing, Chris Osuna, was appointed to serve on the CSBS Mortgage Testing and Education Board (MTEB), which is an oversight board responsible for mortgage testing and education requirements, as mandated by the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act).

On July 16, 2025, Commissioner Retta and Director of Mortgage Regulation Purce provided an in-person presentation to the North Texas Association of Mortgage Professionals (NTXAMP). The presentation discussed: (1) the current market and economic factors affecting the mortgage industry, (2) the mortgage grant fund, (3) the current and historical licensing trends, (4) the current and historical examination trends, (5) the Texas Legislative session and description of bills enacted affecting the mortgage industry, (6) the limitations and restrictions relating to substituting a mortgage loan originator, (7) the advertisement requirements and limitations for mortgage companies/mortgage bankers, (8) the team name requirements, and (9) the trigger lead restrictions adopted in the recent rules.

c) Operations Division Activities

Accounting, Budget, and Financial Reporting

Staff has closed out the third quarter of fiscal year 2025 and developed the budget for fiscal year 2026. Preparations for closing out fiscal year 2025 are underway.

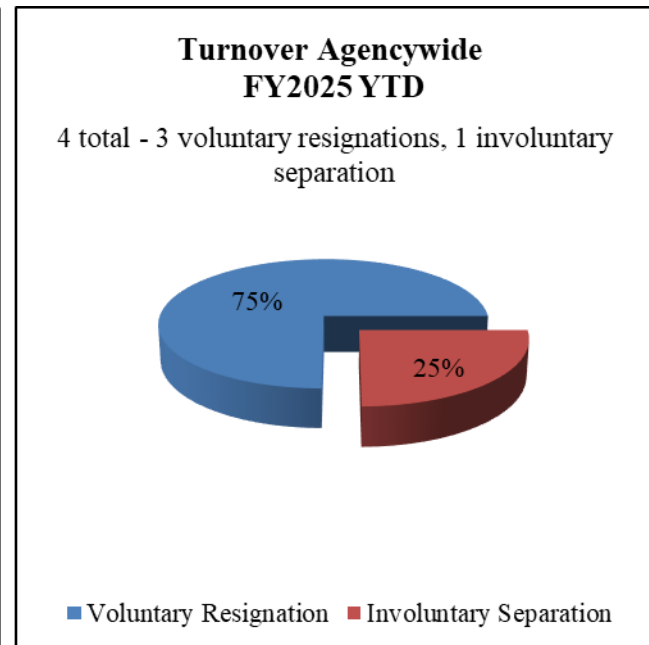
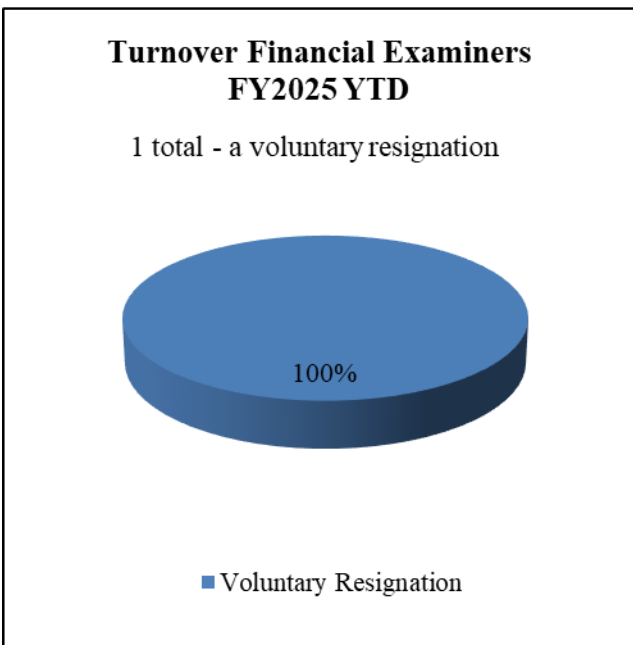
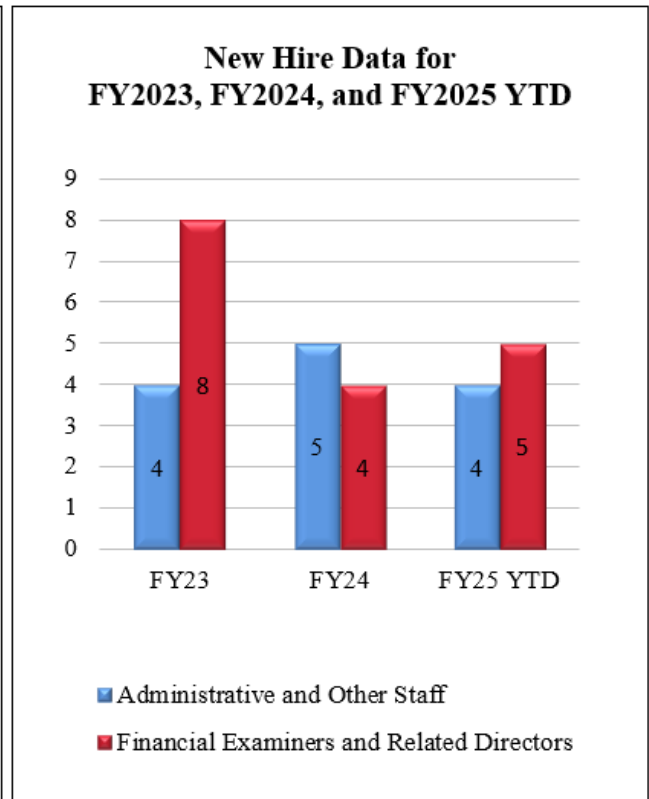
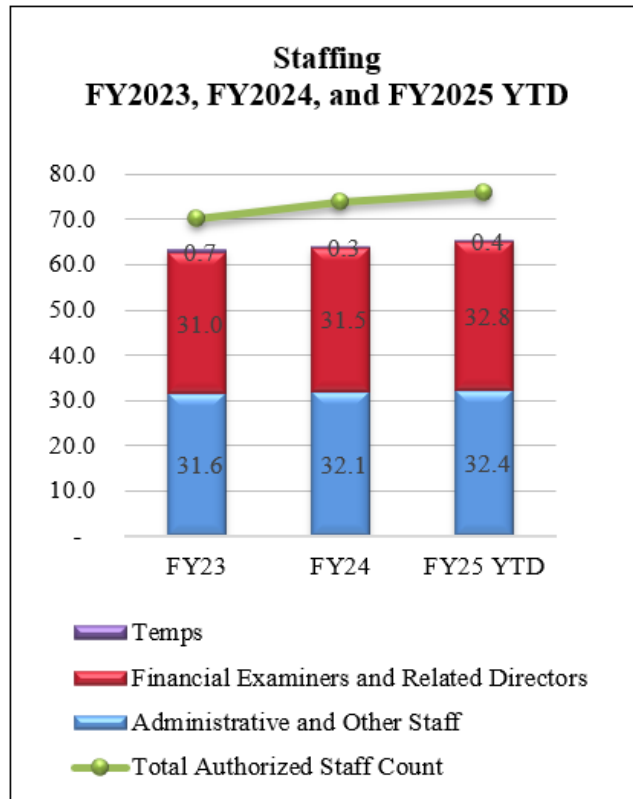
Audit

SML is undergoing a Post-Payment and Procurement Audit, conducted by the Comptroller of Public Accounts.

Human Resources

As of July 31, 2025, SML had 69 regular full-time employees. Five new hires—two thrift examiners and three mortgage examiners — joined SML in June and July.

Staffing Charts as of July 31, 2025



Below is the status of SML's vacancies:

Vacancy Status	
Financial Examiner V – Thrift Examinations	Recruit – Position Filled
Financial Examiner V – Thrift Examinations (Loan Review)	
Financial Examiner I/II – Mortgage Examinations - 3	
Cybersecurity Analyst II	Recruit – Offer Accepted
Executive Assistant II-III	Recruit – Selection Process
Investigator II-IV – Mortgage Licensing	
Financial Examiner I – Thrift Examinations - 2	Evaluating needs, preparing job postings
Financial Examiner I-II -Thrift Examinations (Information Technology)	
Financial Examiner V – Thrift Examinations - 2	
Attorney II	
Program Specialist I – Thrift Regulation	

Outreach and Training

The quarterly agency-wide meeting and training is planned for August 28, 2025.

Department of Savings and Mortgage Lending
Output Measures
Key: Quarterly Reporting

Type/Strategy/Measure	2025 Target	2025 Actual	2025 YTD	Percent of Annual Target
01-01 Thrift Safety and Soundness				
01-01-01 Number of State Chartered Savings Institution Examinations Performed	17			
Quarter 1 <i>schedule. The results for this measure may fluctuate between quarters due to the timing of individual examinations.</i>		6	6	35.29%
Quarter 2 <i>schedule. The results for this measure may fluctuate between quarters due to the timing of individual examinations.</i>		8	14	82.35%
Quarter 3 <i>schedule. The results for this measure may fluctuate between quarters due to the timing of individual examinations.</i>		3	17	100.00%
02-01 Mortgage Regulation				
02-01-01 Number of Applications Processed	9,350			
Quarter 1		2,697	2,697	28.84%
Quarter 2 <i>*Heavier than normal application volume</i>		2,663	5,360	57.33%
Quarter 3 <i>*Heavier than normal application volume</i>		3,095	8,455	90.43%
02-01-02 Number of Examination Reports Issued	400			
Quarter 1		83	83	20.75%
Quarter 2		99	182	45.50%
Quarter 3		115	297	74.25%
03-01 Consumer Responsiveness				
03-01-01 Number of Complaints Closed	1,400			
Quarter 1 <i>*The volume of complaints received was lower than anticipated, resulting in fewer complaints closed.</i>		237	237	16.93%
Quarter 2 <i>*The volume of complaints received was lower than anticipated, resulting in fewer complaints closed.</i>		346	583	41.64%
Quarter 3 <i>*The volume of complaints received was lower than anticipated, resulting in fewer complaints closed.</i>		375	958	68.43%

* Varies by 5% or more from the target

d) Strategic Projects, Initiatives, and Information Resources

Strategic Projects and Initiatives

The 2025-2026 Mortgage Grant Fund (MGF) cycle is in progress. For more information, see the MGF Activities Report presented to the FC Audit Committee.

SML is working on its Records Retention Recertification due to the Texas State Library and Archives Commission on the last working day of October 2025.

Information Resources

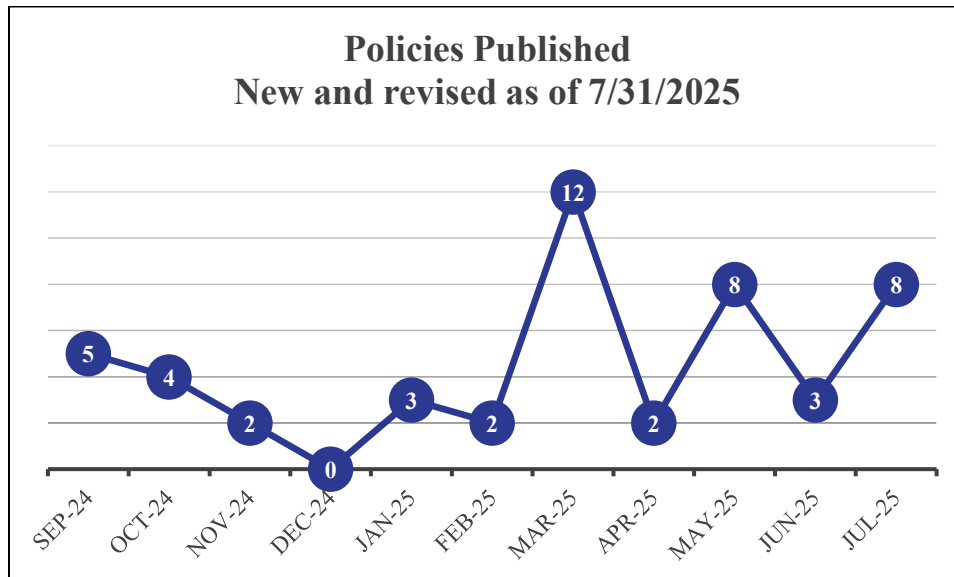
The planning phase for an IT-related legacy modernization project continues, focusing on readiness and legacy modernization.

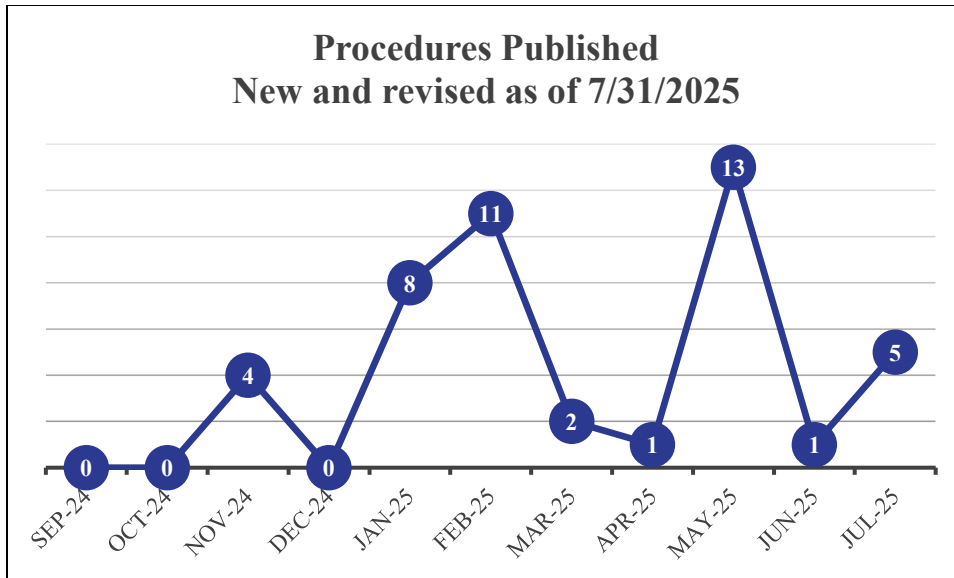
SML is impacted by and working through the Texas.gov Payment Services Migration and DIR's MSS transition from AT&T to SAIC.

Policy and Procedure Updates

SML is reviewing a revised Procurement and Contract Management Handbook, Procurement Policy, and Procurement Procedures that will go into effect at the start of the new 2026 fiscal year.

SML continues efforts to update all agency policies and procedures. The charts below depict the policies and procedures that were fully approved and published in the agency's policy management database by month for FY 2025.

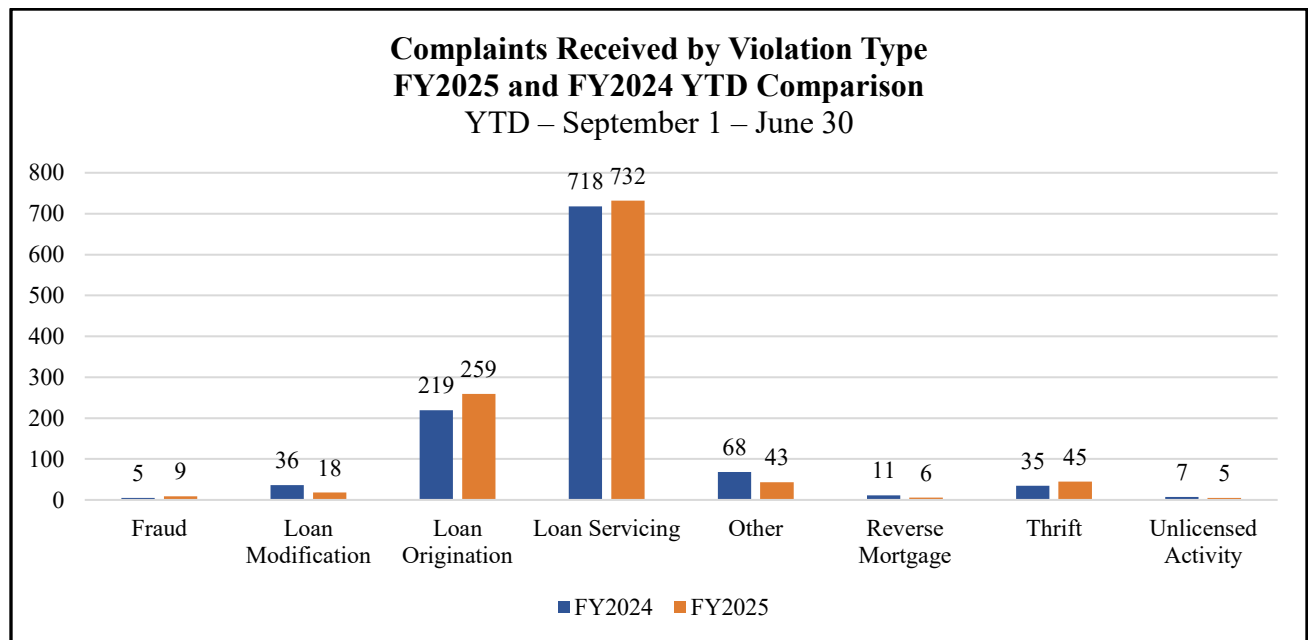


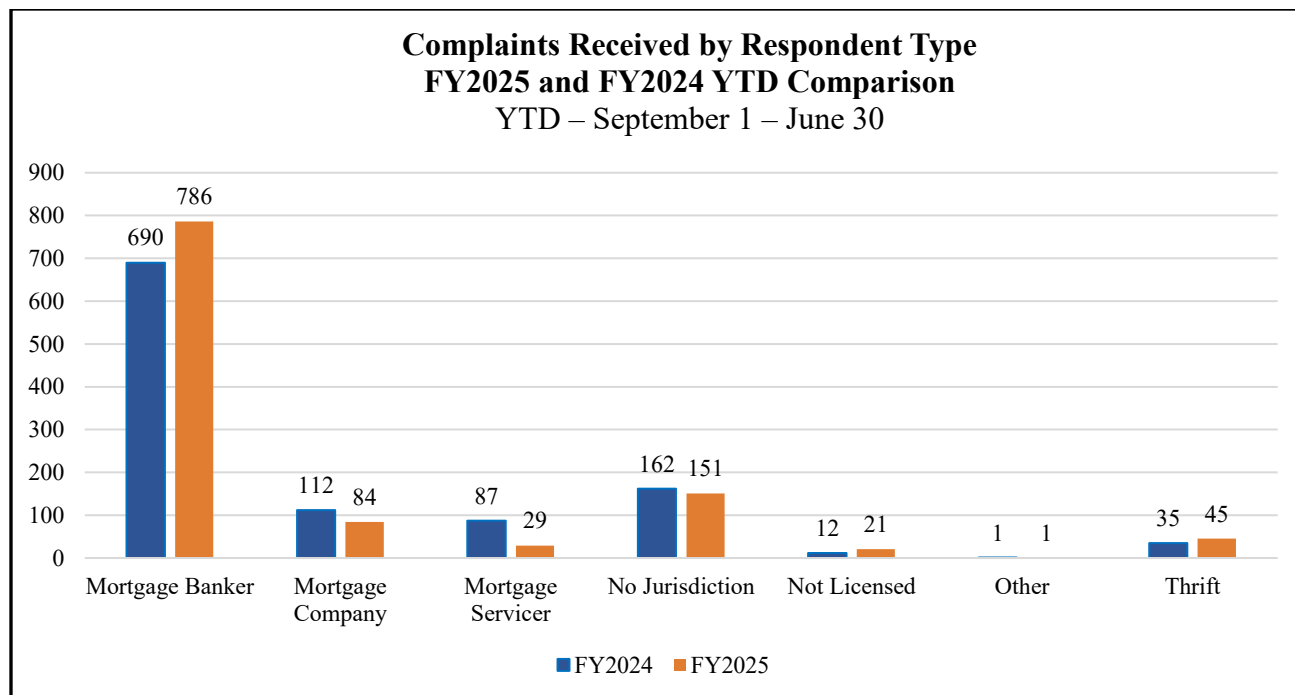


e) Legal Division Activities, including Consumer Complaints and Gift Reporting

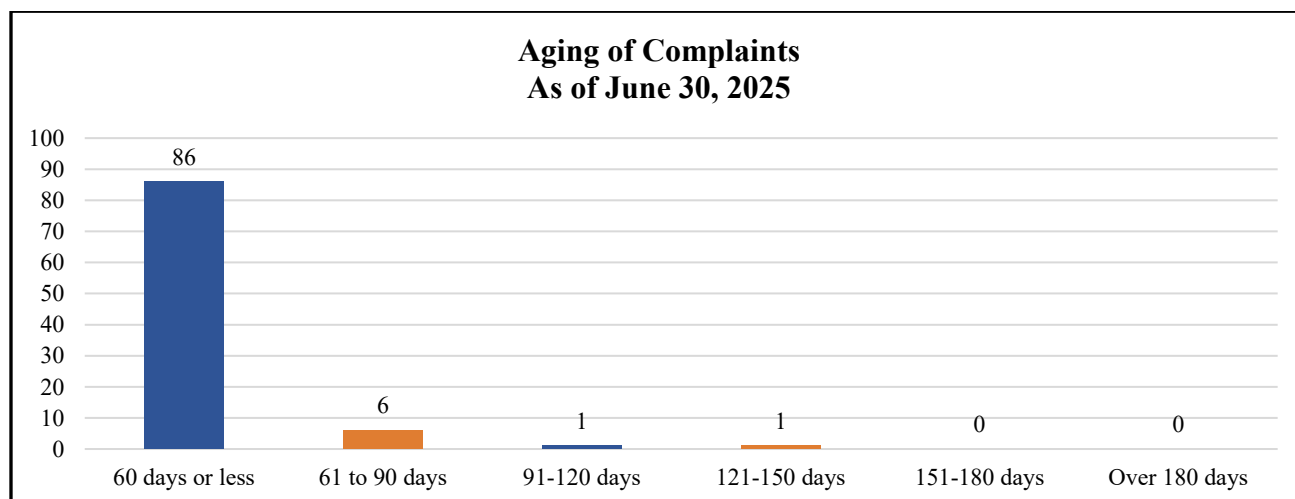
Consumer Complaints Activity Report

Complaints Received – For the fiscal year to date (September 1 – June 30, 2025), SML received 1,117 complaints, compared to 1,099 received in FY2024, a 1.64% increase.





Aging of Open Complaints – As of June 30, 2025, there were 94 open complaint files. Complaint aging is acceptable, with 99% of complaints open 120 days or less.



Closed Complaints

Closed Complaints	FY2025			
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr
Servicing Complaints				
Number of Servicing Complaints Closed	125	200	274	
Average Number of Days to Close a Complaint	24	15	19	
Percentage of Complaints Closed Within 120 Days	98%	100%	100%	

Non-Servicing Complaints				
Number of Non-Servicing Complaints Closed	112	146	101	
Average Number of Days to Close a Complaint	23	16	18	
Percentage of Complaints Closed Within 120 Days	94%	99%	98%	
Total	237	346	375	

Legal and Enforcement Activity Report

Mortgage Enforcement Actions	FY2025			
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr
Advisory Letter	4	6	11	
Order of Suspension	0	3	0	
Order to Cease and Desist	1	2	4	
Order to Take Affirmative Action	9	3	5	
Order of Revocation	0	0	1	
Proposed Suspension of License	0	3	3	
Total	14	17	24	

Recovery Claims

Recovery Claim Applications Received	FY2025			
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr
	4	3	5	

Status of Pending Recovery Claim Applications as of June 30, 2025	
Pending Investigation	1
Pending Preliminary Determination Letter	5
Preliminary Determination Letter Issued, Pending Opportunity to Appeal	2
On Appeal	0
Open to Facilitate Resolution by the Parties	0
Total	8

Closed Recovery Claim Files	FY2025			
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr
Granted	1	0	0	
Denied	0	1	3	
Resolved by the Parties	0	1	0	
Claim Withdrawn	1	0	0	
Total	2	2	3	

Contested Cases at the State Office of Administrative Hearings (SOAH)

SML does not have any cases pending at SOAH.

Litigation

Hector Retta, Commissioner of the Department of Savings and Mortgage Lending v. Millard Smith d/b/a Processing Solutions, and Melkeisha Smith (Cause No. 25-DCV-330862, in the 458th District Court, Fort Bend County, Texas)

In this lawsuit, SML seeks injunctive relief and payment of administrative penalties against Millard Smith, d/b/a Processing Solutions, and Melkeisha Smith. On June 17, 2025, SML, represented by the Office of the Attorney General, filed its Original Petition and Application for Temporary and Permanent Injunction. On July 1, 2025, citation was issued. On July 10, 2025, citation was reissued to Melkeisha Smith to correct clerical errors.

Public Information Requests

Public Information Requests	FY2025			
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr
Requests Received	27	38	43	

SML Future Rule Activity		
Rule	Rulemaking Action	Projected Date for Presentation
7 TAC §55.110, Licensing of Military Service Members, Military Veterans, and Military Spouses	Adoption of Amendments	October 2025
Chapter 75, Savings Banks	Proposed Rule Changes Resulting from Rule Review	FY2026

Gift Reporting

SML has no gifts to report for the period of May to June 2025

f) Legislative Activities

On July 9, 2025, Governor Abbott issued his proclamation calling the first special session of the 89th Legislature. On July 21, 2025, the first special session of the 89th Legislature convened.

2. Discussion of and Possible Action Regarding Anticipated and Pending Litigation

Anticipated Litigation

None

Pending Litigation

Hector Retta, Commissioner of the Department of Savings and Mortgage Lending v. Millard Smith d/b/a Processing Solutions, and Melkeisha Smith (Cause No. 25-DCV-330862, in the 458th District Court, Fort Bend County, Texas)

3. **Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 4, Chapter 55, Concerning Residential Mortgage Loan Originators**

PURPOSE: The primary purpose of the amendments in 7 TAC Chapter 55 is to implement House Bill 5629 and Senate Bill 1818, enacted during the 89th Legislature, Regular Session. An explanation of and justification for the rules is contained in the proposed preamble for the rule proposal.

RECOMMENDED ACTION: SML recommends that the Finance Commission approve publication of the amendments in 7 TAC Chapter 55 for comment in the *Texas Register*.

RECOMMENDED MOTION: I move that the Finance Commission approve publication of the amendments in 7 TAC Chapter 55 for comment in the *Texas Register*.

TITLE 7. BANKING AND SECURITIES

PART 4. DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

CHAPTER 55. RESIDENTIAL MORTGAGE LOAN ORIGINATORS

SUBCHAPTER B. LICENSING

7 TAC §55.110

The Finance Commission of Texas (commission), on behalf of the Department of Savings and Mortgage Lending (SML), proposes to amend 7 TAC §55.110, concerning Licensing of Military Service Members, Military Veterans, and Military Spouses (proposed rule).

Explanation of and Justification for the Rule

Existing §55.110 specifies licensing requirements for military service members, military veterans, and military spouses applying for an individual residential mortgage loan originator (originator) license, in accordance with Occupations Code Chapter 55.

Changes Concerning Implementation of HB5629 and SB1818

House Bill 5629 (HB5629) and Senate Bill 1818 (SB1818) were enacted during the 89th Legislature, Regular Session (2025) and become effective September 1, 2025. HB5629 and SB1818 amend Occupations Code Chapter 55. The proposed rule is designed to implement the requirements of HB5629 and SB422. The proposed rule, if adopted, would: in subsection (b), add a new definition for "in good standing" by adopting by reference the definition in Occupations Code §55.0042; in subsection (d)(3), provide that within 10 business days after the date SML receives a complete license application and written request for military licensing review from a qualifying applicant,

SML will approve the application and issue a license to the applicant, issue a provisional license to the applicant pending a final decision on the application, or notify the applicant that the license held by the individual in another state is not similar in scope of practice to an originator license issued by SML, if applicable; in subsection (d)(4), provide that, if a provisional license is issued, SML will make a final decision on the application within 120 days after the date the provisional license is issued; in subsection (d)(5), provide that, if an applicant holds a license in good standing in another state that is similar in scope of practice to an originator license issued by SML, the applicant will be assigned a license status in NMLS that confers temporary authority to act as an originator in accordance with Finance Code §180.0511 and 7 TAC §55.109 (relating to Temporary Authority); and, in subsection (e), clarify that recognition of a license held in another state is based on whether the license is similar in scope of practice to an originator license issued by SML.

Other Modernization and Update Changes

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

Fiscal Impact on State and Local Government

Antonia Antov, Director of Operations for SML, has determined that for the first five-year period the proposed rule is in effect there are no foreseeable increases or reductions in costs to local governments as a result of enforcing or administering the proposed rule. Antonia Antov has further determined that for the first five-year period the proposed rule is in effect there are no

foreseeable losses or increases in revenue to local governments as a result of enforcing or administering the proposed rule. Antonia Antov has further determined that for the first five-year period the proposed rule is in effect there are no foreseeable increases or reductions in costs or losses or increases in revenue to the state overall that would impact the state's general revenue fund as a result of enforcing or administering the proposed rule. Implementation of the proposed rule will not require an increase or decrease in future legislative appropriations to SML because SML is a self-directed, semi-independent agency that does not receive legislative appropriations. The proposed rule will not result in losses or increases in revenue to the state because SML does not contribute to the state's general revenue fund.

Public Benefits

William Purce, Director of Mortgage Regulation for SML, has determined that for each of the first five years the proposed rule is in effect, the public benefit anticipated as a result of enforcing or administering the proposed rule will be for the public to have notice of the licensing requirements for a military service member, military veteran, or military spouse applying for an originator license.

Probable Economic Costs to Persons Required to Comply with the Proposed Rule

William Purce has determined that for the first five years the proposed rule is in effect, there are no probable economic costs to persons required to comply with the proposed rule that are directly attributable to the proposed rule for purposes of the cost note required by Government Code §2001.024(a)(5) (direct costs).

One-for-One Rule Analysis

Pursuant to Finance Code §16.002, SML is a self-directed semi-independent agency and thus not subject to the requirements of Government Code §2001.0045.

Government Growth Impact Statement

For each of the first five years the proposed rule is in effect, the department has determined the following: (1) the proposed rule does not create or eliminate a government program; (2) implementation of the proposed rule does not require the creation of new employee positions; (3) implementation of the proposed rule does not require an increase or decrease in legislative appropriations to the agency; (4) the proposed rule does not require an increase or decrease in fees paid to the agency; (5) the proposed rule does create a new regulation (rule requirement). The proposed rule related to Changes Concerning Implementation of HB5629 and SB1818 establishes various rule requirements, as discussed in that section; (6) the proposed rule does expand, limit, or repeal an existing regulation (rule requirement). The proposed rule related to Changes Concerning Implementation of HB5629 and SB1818 expands, limits, or repeals existing rule requirements, as discussed in such section; (7) the proposed rule does not increase or decrease the number of individual's subject to the rule's applicability; and (8) the proposed rule does not positively or adversely affect this state's economy.

Local Employment Impact Statement

No local economies are substantially affected by the proposed rule. As a result, preparation of a local employment impact statement pursuant to Government Code §2001.022 is not required.

Fiscal Impact on Small and Micro-Businesses and Rural Communities

The proposed rule will not have an adverse effect on small or micro-businesses or rural communities because there are no probable economic costs anticipated to persons required to comply with the proposed rule. As a result, preparation of an economic impact statement and a regulatory flexibility analysis as provided by Government Code §2006.002 are not required.

Takings Impact Assessment

There are no private real property interests affected by the proposed rule. As a result, preparation of a takings impact assessment as provided by Government Code §2007.043 is not required.

Public Comments

Written comments regarding the proposed rule may be submitted by mail to Iain A. Berry, General Counsel, at 2601 North Lamar Blvd., Suite 201, Austin, Texas 78705-4294, or by email to rules.comments@sml.texas.gov. Comments must be received within 30 days after publication of this notice.

Statutory Authority

This proposal is made under the authority of: Government Code §2001.004(1), requiring a state agency to adopt rules of practice stating the nature and requirements of all available formal and informal procedures; Finance Code §157.0023, authorizing the commission to adopt rules necessary to implement or fulfill the purposes of Finance Code Chapter 157, the Mortgage Banker Registration and Residential Mortgage Loan Originator License Act, and as required to carry out the intentions of the Federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (12 U.S.C. §§5101-5117); and Finance Code §180.004(b), authorizing the commission to implement rules necessary to

comply with Finance Code Chapter 180, the Texas Secure and Fair Enforcement for Mortgage Licensing Act of 2009. This proposal is also made under the authority of, and to implement, Occupations Code Chapter 55.

This proposal affects the statutes in Finance Code Chapters 157 and 180.

§55.110. Licensing of Military Service Members, Military Veterans, and Military Spouses.

(a) Purpose. This section specifies licensing requirements for military service members, military veterans, and military spouses, in accordance with Occupations Code Chapter 55.

(b) Definitions. In this section: ~~[, the terms "military service member," "military spouse," and "military veteran" have the meanings assigned by Occupations Code §55.001.]~~

(1) The terms "military service member," "military spouse," and "military veteran" have the meanings assigned by Occupations Code §55.001.

(2) The term "in good standing" has the meaning assigned by Occupations Code §55.0042.

(c) Late Renewal (Reinstatement) for Military Service Members (Occupations Code §55.002). ~~An [As provided by Occupations Code §55.002, an]~~ individual is exempt from any increased fee or other penalty for failing to renew an ~~[his or her]~~ originator license in a timely manner if the individual establishes to the satisfaction of SML ~~[the Commissioner]~~ that he or she failed to timely renew the license because the individual was serving as a military service member. A military service member who fails to timely renew his or her originator license must seek reinstatement of the license within the time period specified by Finance Code §157.016; otherwise, the individual must obtain a new license, including complying with the current requirements and procedures ~~[then in existence]~~ for obtaining an original license (see §55.103 of this title (relating to Renewal of the License)).

PROPOSED AMENDMENTS

7 TAC §55.110

PAGE 4 OF 5

~~(d) Expedited Review and Processing (Occupations Code §55.004 and §55.005) and Recognition of an Out-of-State License (Occupations Code §55.0041). [Occupations Code §55.005 provides that a military service member, military veteran, or military spouse is entitled to expedited review and processing of his or her application for an originator license. A military service member, military veteran, or military spouse seeking expedited review of his or her application must, after applying for the license in NMLS, make a written request for expedited review using the current form prescribed by SML and posted on its website (sml.texas.gov), including providing the supporting documentation specified in the form, to enable SML to verify the individual's status as a military service member, military veteran, or military spouse. SML, within 30 days after the date it receives a complete application and request for expedited review from a qualifying applicant who is a military service member, military veteran, or military spouse, will process the application, and, provided the applicant is otherwise eligible to receive the license, issue a license to the applicant, if the applicant:]~~

(1) This subsection applies to a qualifying applicant who is a military service member, military veteran, or military spouse, if the applicant: [is licensed as an originator in another jurisdiction with substantially equivalent licensing requirements; or]

(A) holds a current license in good standing in another state that is similar in scope of practice to an originator license issued by SML; or

(B) was licensed by SML as an originator within the 5 years preceding the application date.

(2) A military service member, military veteran, or military spouse seeking expedited review under Occupations Code §55.004 and §55.005 or recognition of an out-of-state license under Occupations Code §55.0041 must apply for the license in NMLS. After applying for the license in NMLS, the applicant must make a written request for military licensing review using the current form prescribed by SML and posted on its website

(sml.texas.gov), and provide the supporting documentation specified in the form to enable SML to verify the individual's military status and evaluate the individual's qualifications under this subsection. [was licensed as an originator in Texas within the 5 years preceding the date of the application.]

(3) Within 10 business days after the date SML receives a complete license application and written request for military licensing review from a qualifying applicant under this subsection, SML will:

(A) approve the application and issue a license to the applicant;

(B) issue a provisional license to the applicant pending a final decision on the application; or

(C) notify the applicant that the license held by the individual in another state is not similar in scope of practice to an originator license issued by SML, if applicable.

(4) If a provisional license is issued under paragraph (3)(B) of this subsection, SML will make a final decision on the application within 120 days after the date the provisional license is issued.

(5) If the applicant holds a current license in good standing in another state that is similar in scope of practice to an originator license issued by SML, the applicant will be assigned a license status in NMLS that confers temporary authority to act as an originator in accordance with Finance Code §180.0511 and §55.109 of this title (relating to Temporary Authority), and subject to those requirements.

~~[(e) Temporary Authority for Military Service Member or Military Spouse. Occupations Code §55.0041 provides that a military service member or military spouse may engage in a business or occupation for which a license is required without obtaining the license if the military service member or military spouse is currently licensed in good standing in another jurisdiction with substantially equivalent licensing requirements. However, federal~~

PROPOSED AMENDMENTS

7 TAC §55.110

PAGE 5 OF 5

~~law imposes specific, comprehensive requirements governing when and under what circumstances an individual licensed to act as an originator in another jurisdiction may act under temporary authority in this state (the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (federal SAFE Act), 12 U.S.C. §5117 (relating to Employment Transition of Loan Originators)). Occupations Code §55.0041(c) further requires that a military service member or military spouse "comply with all other laws and regulations applicable to the business or occupation." As a result, a military service member or military spouse seeking to avail himself or herself of the temporary authority conferred by Occupations Code §55.0041 must apply for and seek temporary authority in accordance with Finance Code §180.0511 and §55.109 of this title (relating to Temporary Authority).]~~

(e) Scope of Practice [(f) Substantial Equivalency]. For purposes of this section and Occupations Code Chapter 55 [§55.004], an originator license issued by a licensing authority in another state has a similar scope of practice to an originator license issued by SML [in another jurisdiction is substantially equivalent to a Texas originator license] if it is issued in accordance with the requirements of the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 [federal SAFE Act] (12 U.S.C. §5501-5117). SML will verify a license issued in another jurisdiction in NMLS.

(f) [(g)] Credit for Military Experience (Occupations Code §55.007). ~~[As provided by Occupations Code §55.007, with respect to an applicant who is a military service member or military veteran,]~~ SML will credit an applicant who is a military service member or military veteran with verified military service, training, or education toward the requirements for an originator license by considering the service, training, or education as part of the applicant's employment history. The following items cannot be substituted for military service, training, or education:

(1) the pre-licensing education and coursework specified by Finance Code §180.056 and

§55.108(a) of this title (relating to Required Education);

(2) the pre-licensing examination specified by Finance Code §180.057 and §55.108(a) of this title; and

(3) continuing education and coursework specified by Finance Code §180.060 and §55.108(d) of this title.

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

Iain A. Berry

General Counsel

Department of Savings and Mortgage Lending

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D.

Texas Department of Banking

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Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

2601 North Lamar Blvd., Austin, Texas 78705

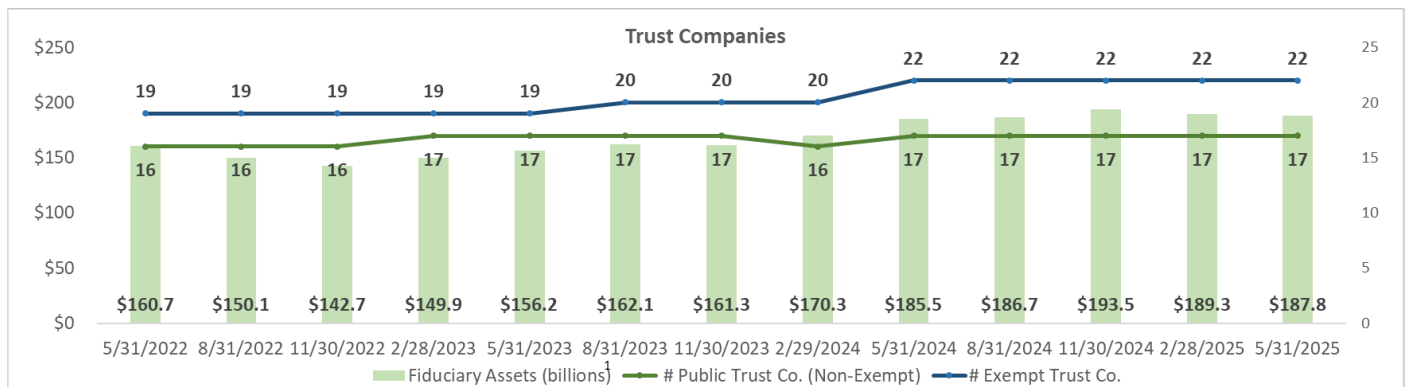
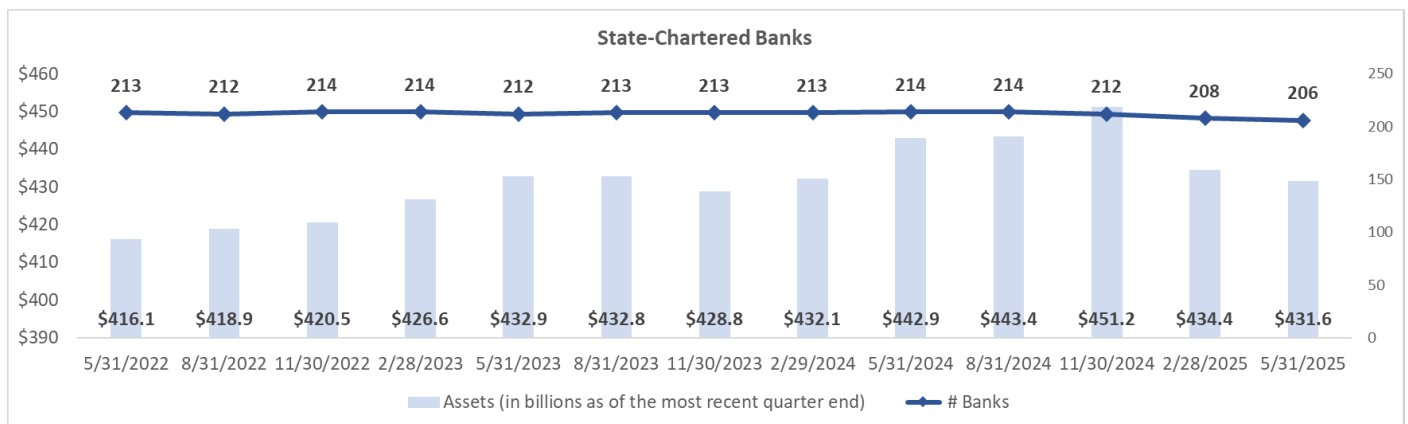
512-475-1300 / 877-276-5554

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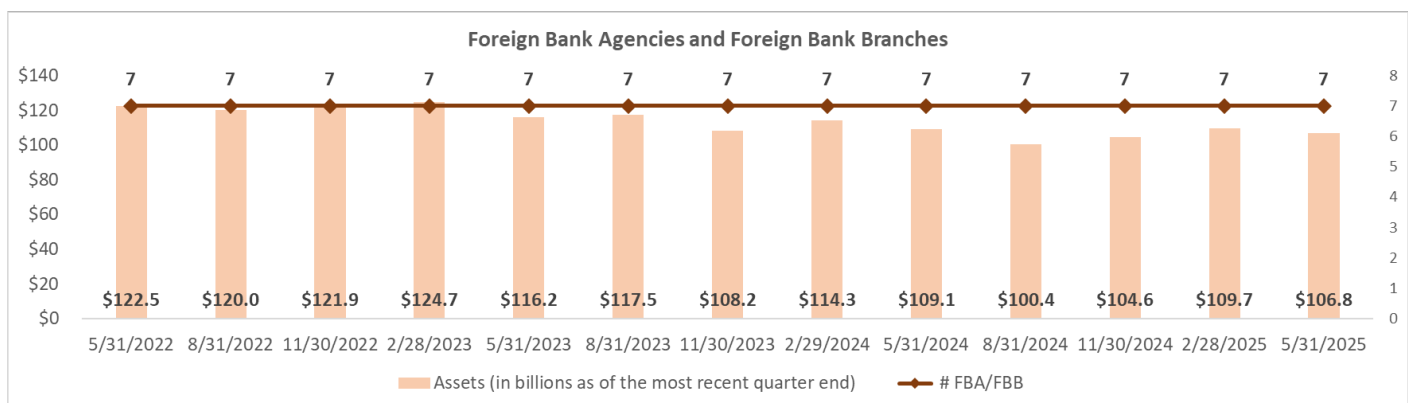
To: Finance Commission Members
From: Jared Whitson, Director of Bank & Trust Supervision
Date: July 30, 2025
Subject: Summary of the Bank & Trust Supervision Division Activities

Bank and Trust Supervision – Industry Profiles

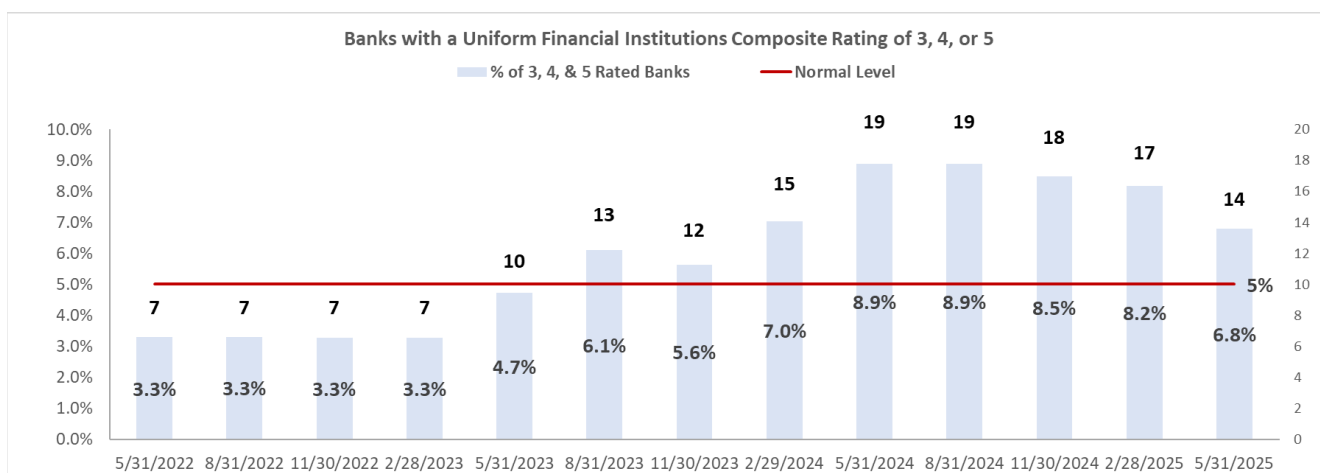
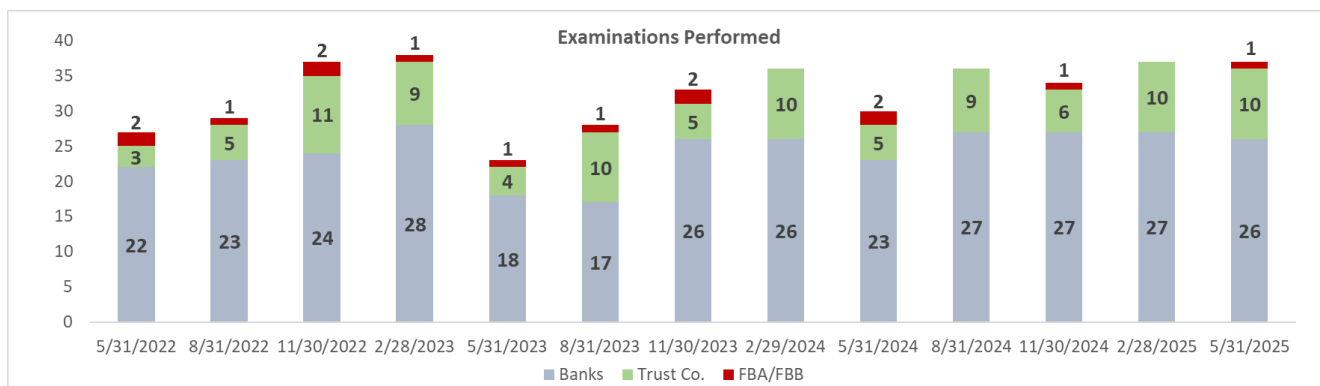
As of fiscal quarter-end (assets as of the preceding calendar quarter)



¹Fiduciary Assets for public trust companies (non-exempt) only as of the most recent quarter end.

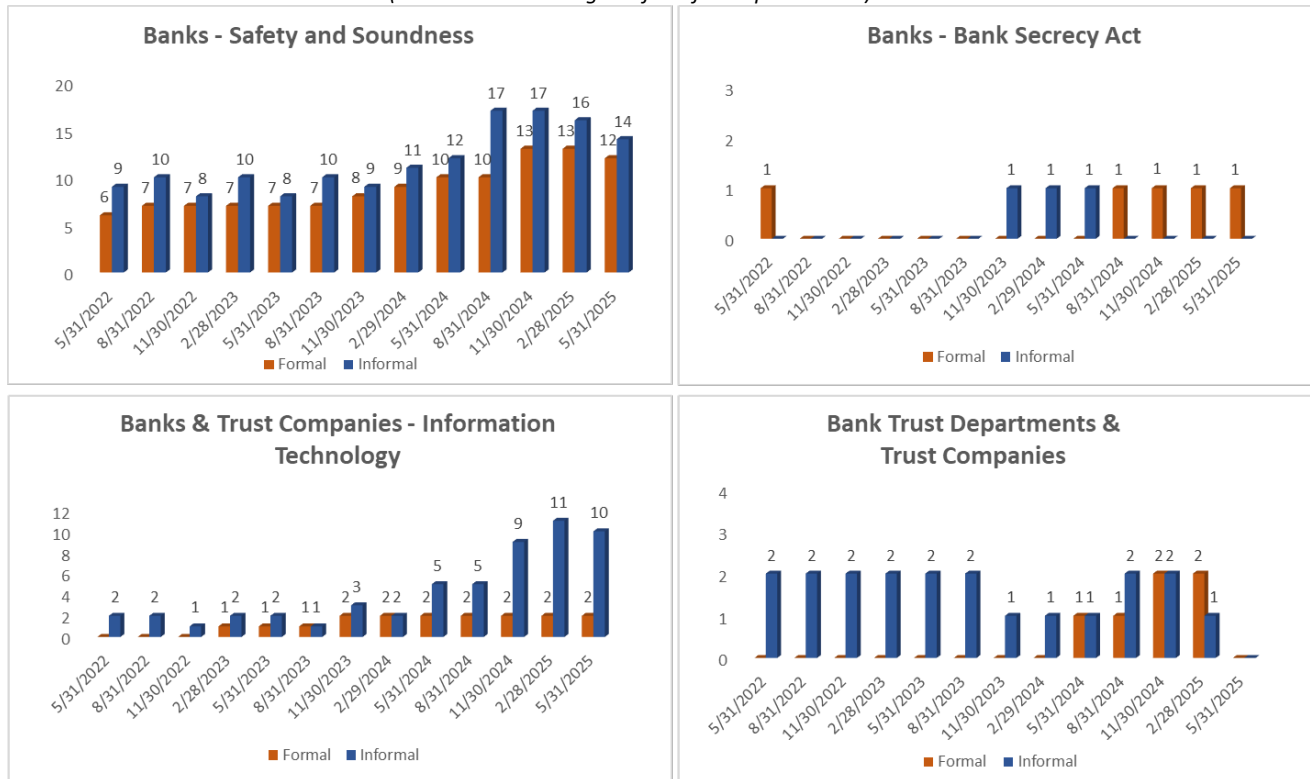


The reduction in banks and assets since the prior period is due to M&A activity. One bank was purchased by an existing Texas state-chartered bank and the other was purchased by a national-chartered bank.



The Department considers any bank with a Uniform Financial Institutions Composite Rating of 3, 4, or 5, to be a problem bank. As illustrated above, the number of problem banks increased to 19 as of August 2024 and above the normal range of 5% of the total number of institutions. Despite being slightly above the normal range, problem banks reflect an improving trend. This is primarily due to improved risk management practices and M&A activity. The Department anticipates a further reduction in problem banks due to improved risk management practices and financial performance.

Enforcement Actions Outstanding by Type (Number outstanding as of the fiscal quarter-end)



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 2024	FY 2025 (YTD – June 2025)
Commercial Banks	83%	91%
IT	87%	82%
Trust Departments	97%	82%
Foreign Banks (FRB)	100%	100%
Trust Companies (DOB)	97%	100%
IT	75%	27%

Examination categories with less than 95% of examinations conducted within guidelines for FY 2025 include:

- Bank Examinations – 11 exams past due by an average of 28 days.
- IT Examinations of Banks – 21 exams past due by an average of 15 days.
- Trust Department Examinations of Banks – 3 exams past due by an average of 7 days.
- IT Examinations of Trust Companies – 8 exams past due by an average of 27 days.

Compliance with commercial bank and IT examination priorities for FY 2025 are challenging due to the number of problem bank and IT examinations being performed, conversion examinations, insufficient staffing, and less experienced examiners.

Division Highlights

- **General Areas of Focus:**

- The Department continues monitoring interest rates and its effects on banks' financial condition.
- Deposit competition is heightened as elevated rates have driven depositors to seek better returns, placing noticeable pressure on banks' NIM.
- Credit quality remains relatively stable despite modest weakening in asset quality metrics.
- Examiners continue to stress that banks with commercial real estate concentrations warrant robust risk management practices, including market monitoring and analysis, credit underwriting and administration, and portfolio stress testing.
- The Department is monitoring the impact of staff reductions at the federal banking agencies.
- The Department is also monitoring proposed government tariffs and its potential impact on the banking sector.

- **Special Operations and Conferences:**

- Commissioner Charles G. Cooper represented the Department as a speaker at the Citizens State Bank's 100th Anniversary Celebration in Somerville, Texas, on June 6, 2025.
- Dallas Regional Director (RD) Tom Susany represented the Department, as a speaker on a regulatory panel, at the Southern Methodist University, Southwestern Graduate School of Banking (SWGSB) in Dallas, Texas, on June 6, 2025.
- Commissioner Cooper, Deputy Commissioner Wendy Rodriguez, Bank and Trust Supervision Director Jared Whitson, and select staff participated in the Regional Director Meeting held in Austin, Texas, beginning on June 9, 2025.
- Commissioner Cooper, Chair of the Federal Financial Institutions Examination Council-State Liaison Committee, attended the Second Quarter Meeting in Washington, D.C., on June 25, 2025.
- Commissioner Cooper represented the Department, as a speaker on regulatory topics, at the 2025 Directors' Training Conference in Santa Fe, New Mexico, on July 8, 2025.
- Various Department personnel participated in the Texas Bankers Association (TBA), Texas tours held in Dallas, San Antonio, Houston, Waco, and Amarillo between July 10-17, 2025. The events provided legislative updates on national and Texas matters impacting the industry.



Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

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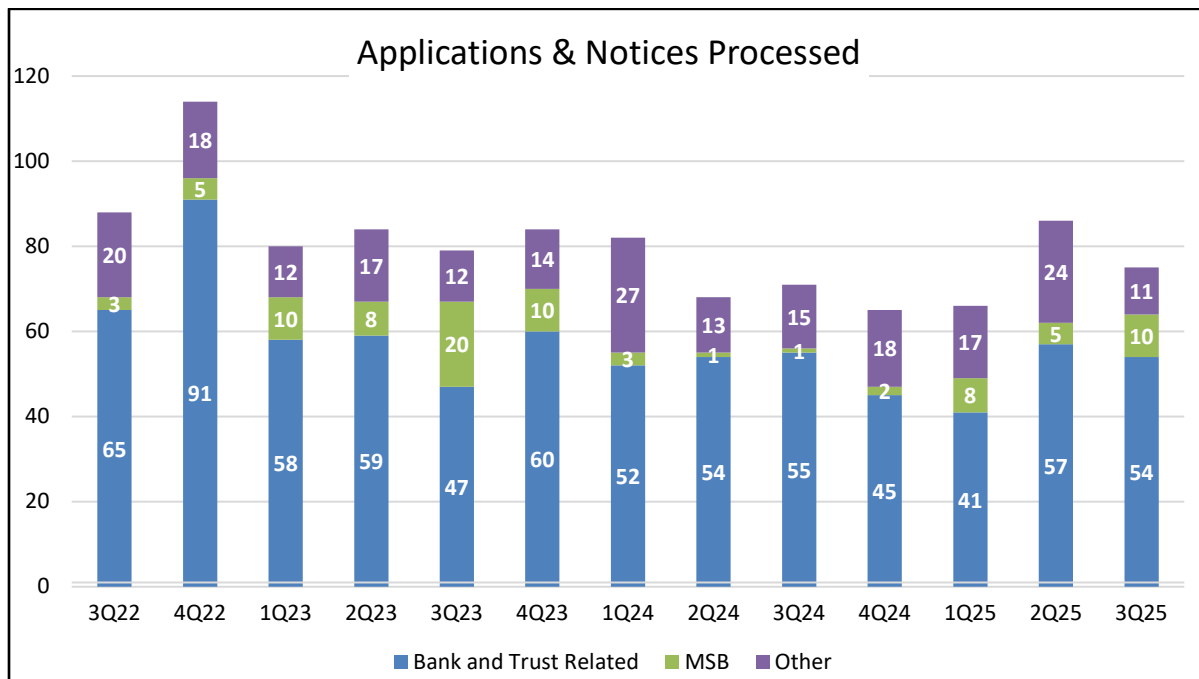
www.dob.texas.gov

To: Finance Commission Members

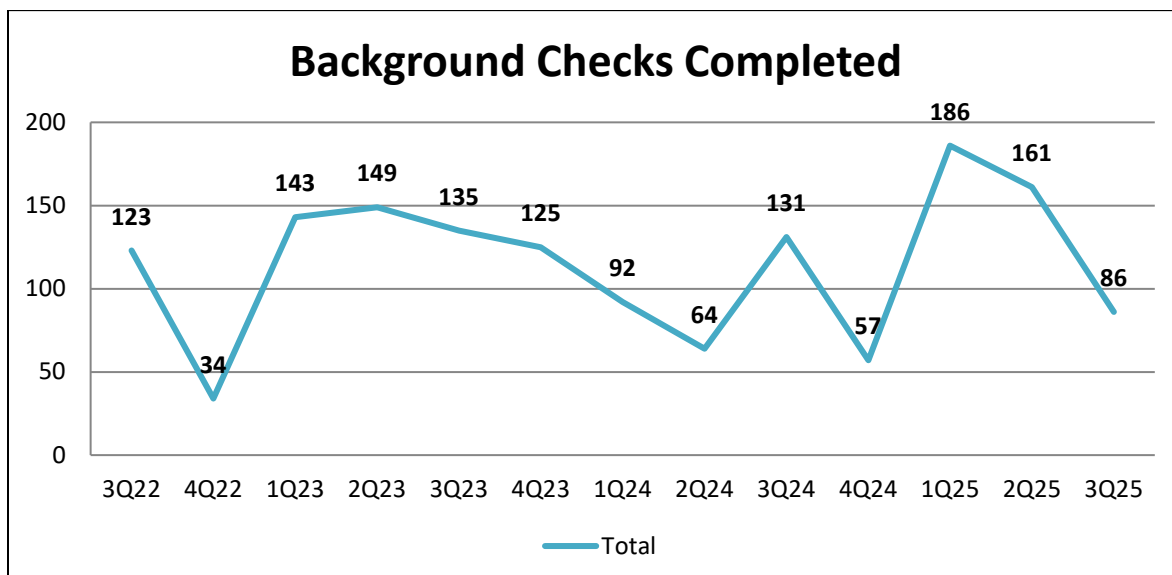
From: Dan Frasier, Director of Corporate Activities and Financial Innovation DBF

Date: July 30, 2025

Subject: Summary of Corporate Division Activities



Information on a Fiscal Quarter Basis.



Information on a Fiscal Quarter Basis.

Applications and Notices Under Review							
Entities	April 30, 2025	Received	*Returned	Processed	June 30, 2025	# Change	% Change
Bank	15	37	-	37	15	0	0%
MSB	34	14	6	4	38	4	12%
Other	1	22	-	19	4	3	300%
Trust	2	1	-	1	2	0	0%
Total	52	74	6	61	59	7	13%

*Incomplete MSB applications which were returned.

The number of open filings under review increased 13% as compared to the level reported at the last Finance Commission meeting. The inflow of bank filings edged higher and MSB filings remained strong over the two-month period. Keeping up with workload continues to be challenging for the division.

Division Highlights

- **Personnel:** The Corporate Analyst position was reposted after the most recent prospective applicant declined our offer.
- **Significant Applications:** Since the last report, the following significant bank and trust applications have been received:
 - First-Lockhart National Bank, Lockhart, Texas, has applied to convert to a Texas state bank [estimated gain in state banking assets of \$390 million].
 - Liberty Capital Bank, Addison, Texas, has applied to acquire by merger, Texas Heritage Bank, Boerne, Texas [no change in state banking assets].
 - MapleMark Bank, Dallas, Texas, has submitted notice to convert to an Oklahoma state bank charter [estimated loss in state banking assets of \$1.0 billion].
 - Veritex Community Bank, Dallas, Texas, has submitted notice that it will merge with and into The Huntington National Bank, Columbus, Ohio [estimated loss in state banking assets of \$12.6 billion].
 - Elm Creek Trust Company LTA, Fort Worth, Texas, has applied for a de novo exempt trust company charter.
- **Charter, Conversion, and Merger Activity:** Since the last report, the following transactions have consummated:
 - *Banks*
 - CapTex Bank, Fort Worth, Texas, merged with and into Community National Bank and Trust of Texas, Corsicana, Texas [estimated loss in state banking assets of \$330 million].
 - Coleman County State Bank, Coleman, Texas, completed its FDIC assisted acquisition of the failed The Santa Anna National Bank, Santa Anna, Texas [estimated gain in state banking assets of \$54 million].

- Citizens State Bank, Buffalo, Texas; Industry State Bank, Industry, Texas; and Fayetteville Bank, Fayetteville, Texas, merged with and into Cadence Bank, Tupelo, Mississippi [estimated loss in state banking assets of \$2.3 billion].
- *Trust Companies*
 - Quest Trust Company, Houston, Texas, completed its voluntary dissolution.



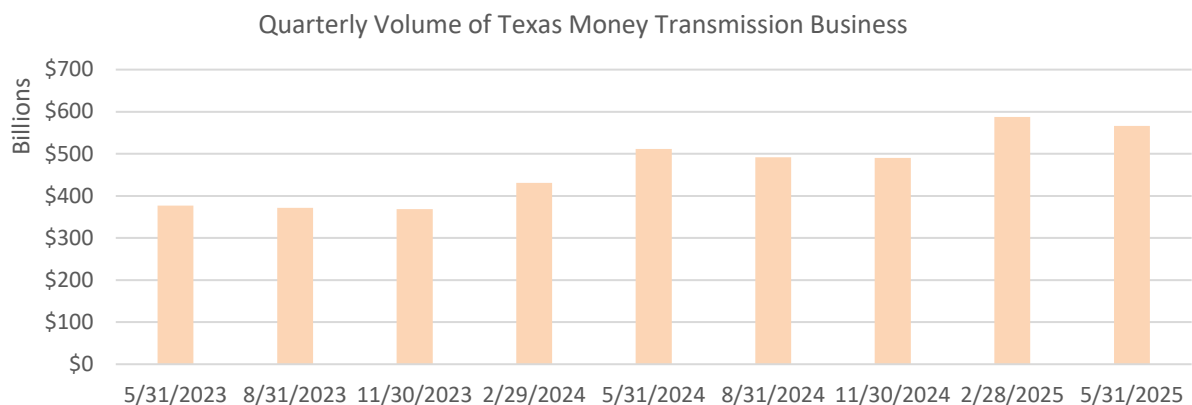
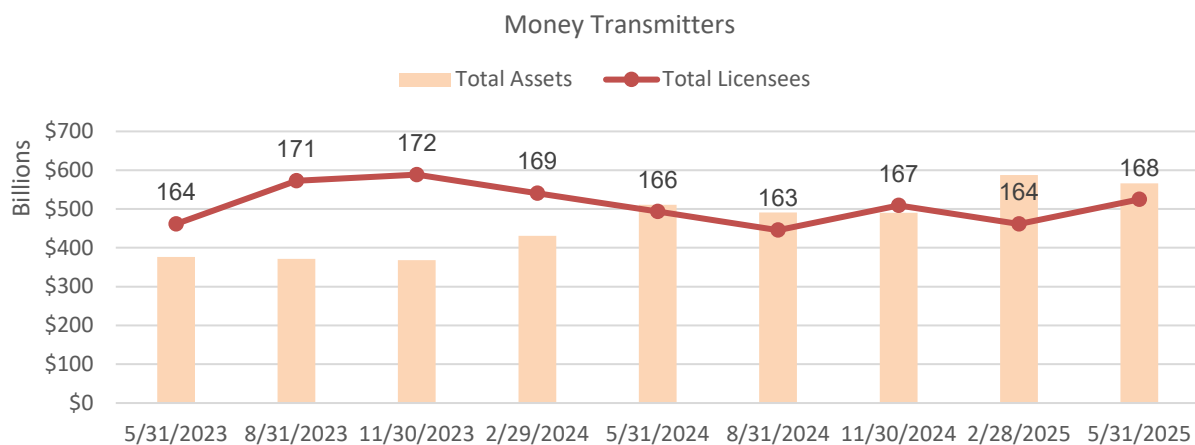
Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

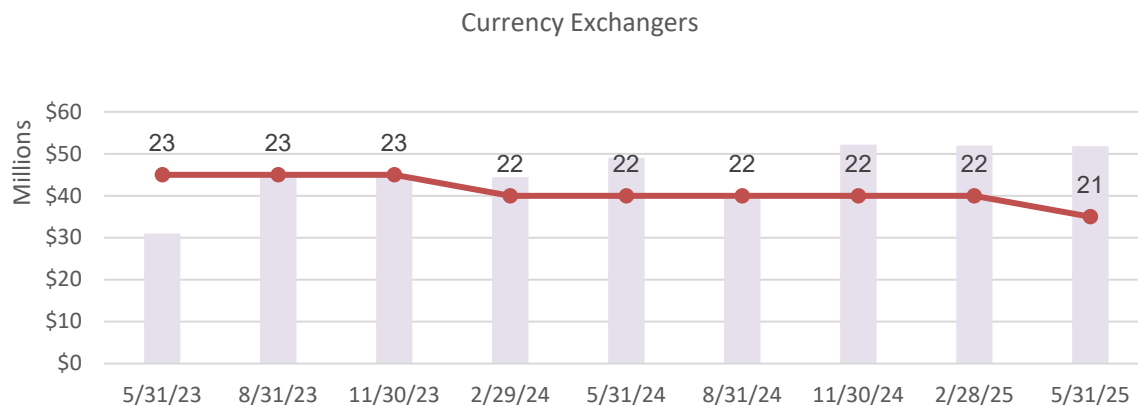
2601 North Lamar Blvd., Austin, Texas 78705
512-475-1300 / 877-276-5554
www.dob.texas.gov

To: Finance Commission Members
From: Jesus "Jesse" Saucillo, Director of Non-Depository Supervision
Date: August 4, 2025
Subject: Summary of Non-Depository Supervision (NDS) Activities

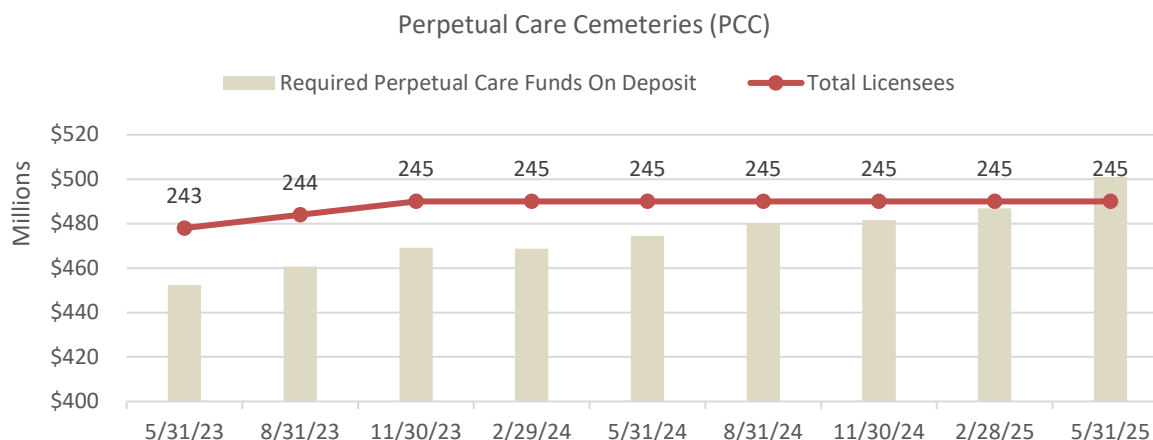
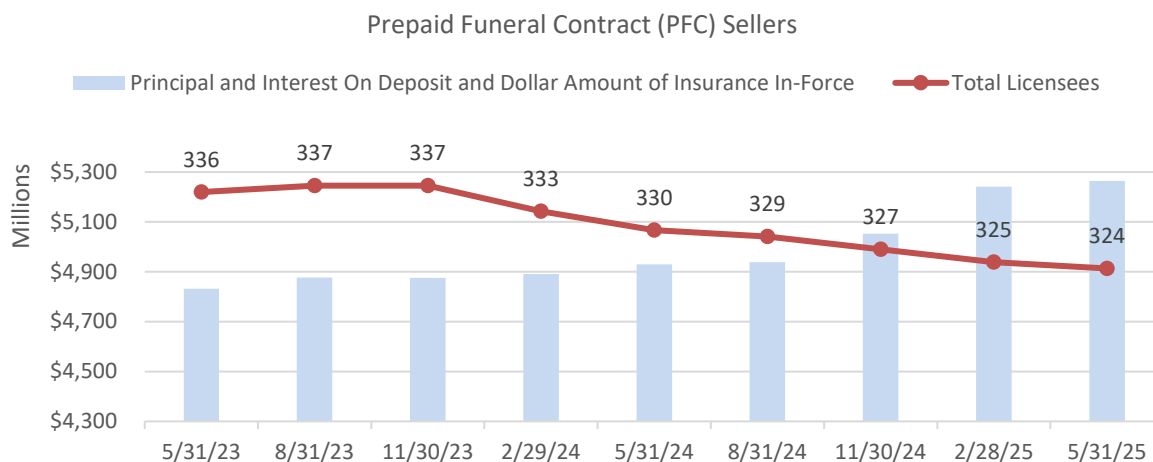
Non-Depository Supervision – Industry Profiles



Total assets and Texas money transmission volume noted above are primarily based on the information reported by license holders on the Nationwide Multistate Licensing System (NMLS) Money Services Business (MSB) Call Reports as of the preceding calendar quarter. During the third quarter of fiscal year 2025, six new money transmission licenses were issued, and two licenses were closed. Of the six new licenses issued, four offer cryptocurrency-related products and services. One of the closed MSB licenses was the result of a change in business activities not requiring an MSB license and the other was a surrender of license due to failure to demonstrate compliance with financial condition requirements.

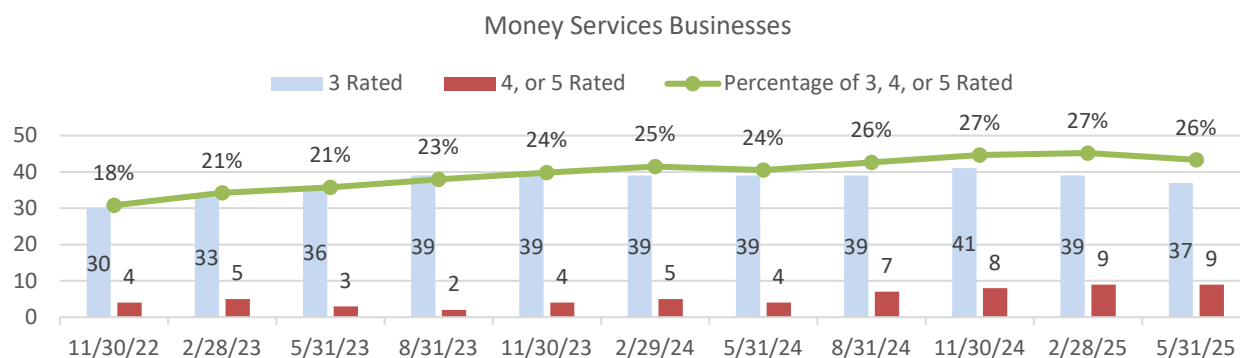


Total assets noted above are based on annual reports and quarterly reports submitted to the Department by currency exchange license holders. The one reduction in the number of license holders was due to a change in business plan.

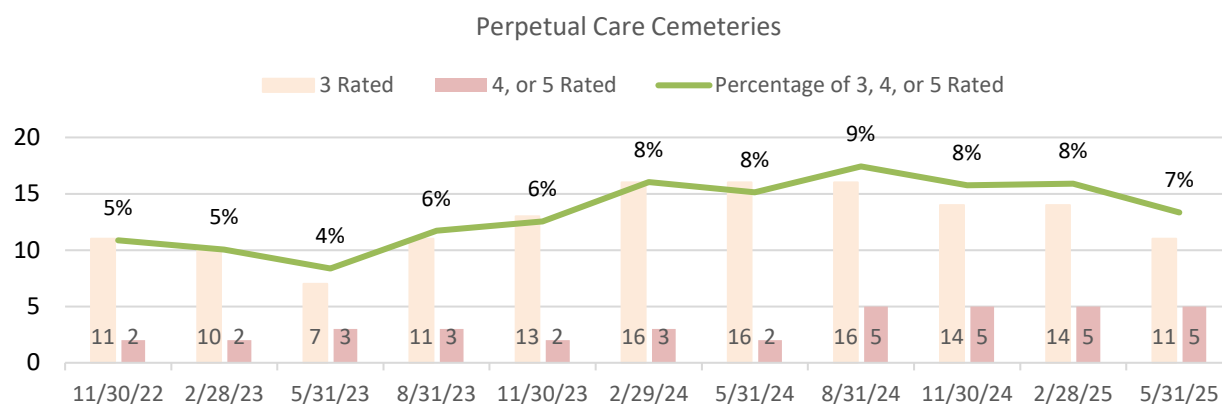
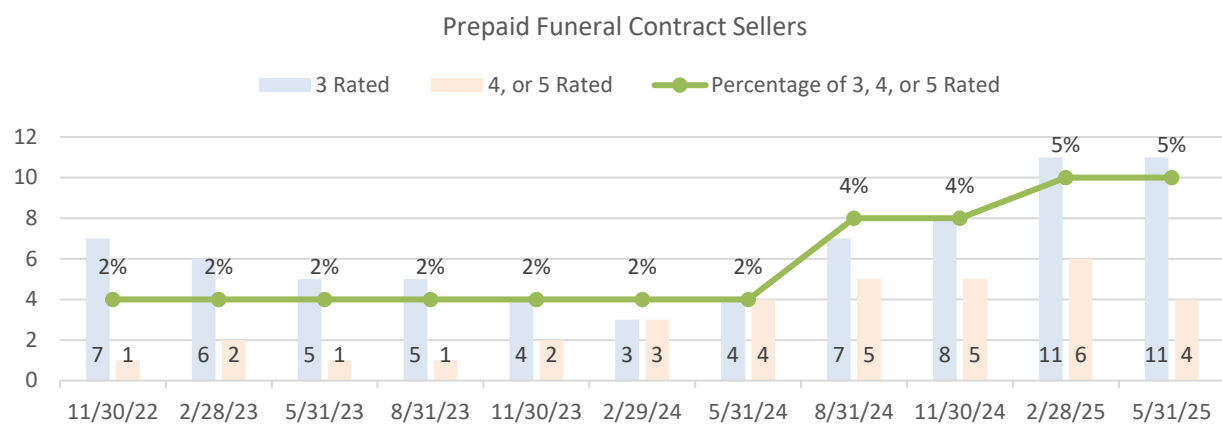


PFC and PCC fund balances noted above are based on the most current examination data. In general, the reduction of PFC permit holders is primarily related to the various conversions of trust-funded PFCs to insurance-funded PFCs under an existing permit holder, and/or closure of the permits due to no outstanding PFCs (zero balance). The slight increases in the total PFC funds on deposit and policies in-force and required perpetual care fund deposits are attributed to growth from standard operational sales.

Ratings (3, 4 or 5) Assigned to NDS Regulated Entities



As noted above, the percentage of MSBs rated 3, 4, or 5 has remained relatively consistent due to various factors identified during examinations which include financial condition and profitability concerns, poor management oversight of operations, and Bank Secrecy Act / Anti-Money Laundering compliance deficiencies. The various compliance issues require additional resources to properly monitor higher risk license holders and the ongoing coordination with the legal division and other state regulators (as part of the nationwide state supervisory process) to ensure corrective actions and/or administrative proceedings are implemented.



The number of 3, 4, and 5 rated PFC and PCC license holders has remained relatively low, and no systemic issues impacting these license holders are noted.

Examinations Performed

ENTITY TYPE	FY 2024	FY 2025 (YTD – May 2025)
MSB	100	60
MSB Limited Scope	0	2
MSB Accepted other State	5	3
PFC	196	165
PFC Limited Scope	1	3
PCC	158	106
PCC Limited Scope	2	4
Total	462	343

Noncompliance with Examination Priorities (Past Due)

ENTITY TYPE	FY 2024	FY 2025 (As of May 2025)
MSB	13	13
PFC	11	9
PCC	14	11

Division Highlights

- Examination Activities:** The division did not meet *Quarterly Output Measure – Number of Licensees Examined* – in the third quarter of FY 2025, nor does it anticipate meeting this measure in the fourth quarter, primarily due to examiner turnover and ongoing vacancies. Although the division is actively recruiting and two applicants have accepted job offers in July 2025, examiner separations negatively impact the division’s performance for several quarters until new hires complete the training to perform examinations. Additional details on the division’s examinations totals are reflected below.
 - Of the 13 past-due MSB examinations, representing less than 7% of licensees:
 - Four were conducted in June 2025; three were conducted in July 2025; and the remaining six were delayed to coordinate multi-state examinations with other state MSB regulators.
 - Of the nine past-due PFC examinations, representing less than 3% of licensees:
 - Two were conducted in June 2025; and the remaining seven were conducted in July 2025.
 - Of the 11 past-due PCC examinations, representing less than 5% of licensees:
 - Four were conducted in June 2025; four were conducted in July 2025; and the remaining three will be conducted in August 2025.

- **Operations:**

- As noted earlier, one MSB financial examiner and one PFC/PCC financial examiner candidate accepted the division's offers and will be onboarded in August 2025. However, in June 2025, a tenured MSB Financial Examiner resigned. Aside from the two new hires, there remain four MSB and one PFC/PCC examiner vacancies for this fiscal year. The division will post position notices in August 2025 to fill these vacancies.
- Despite the financial examiner staffing challenges, the division prioritizes the off-site monitoring of licensed entities, including analysis of the quarterly call report information, consumer complaint filings, and annual reports. Off-site monitoring activities are actively coordinated with various multi-state regulatory work groups supported by the Money Transmitter Regulators Association and the Conference of State Bank Supervisors to ensure the proper oversight of higher-risk license holders. The division also continues to monitor legislative developments at the federal level and other matters concerning cryptocurrency and its impact in the industries the division supervises.

- **Enforcement Action and Collaboration:**

- Since the previous June 2025 Finance Commission division update, one multi-state joint action against a licensed entity operating nationwide was taken. The Department continues to work in collaboration with other MSB state regulators on several legal administrative matters to promote a uniform approach on regulatory matters.



TEXAS DEPARTMENT OF BANKING

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Memorandum

To: Finance Commission Members
From: Pam Pennington, Human Resources Manager
Date: August 1, 2025
Subject: Summary of the Human Resources Division Activities

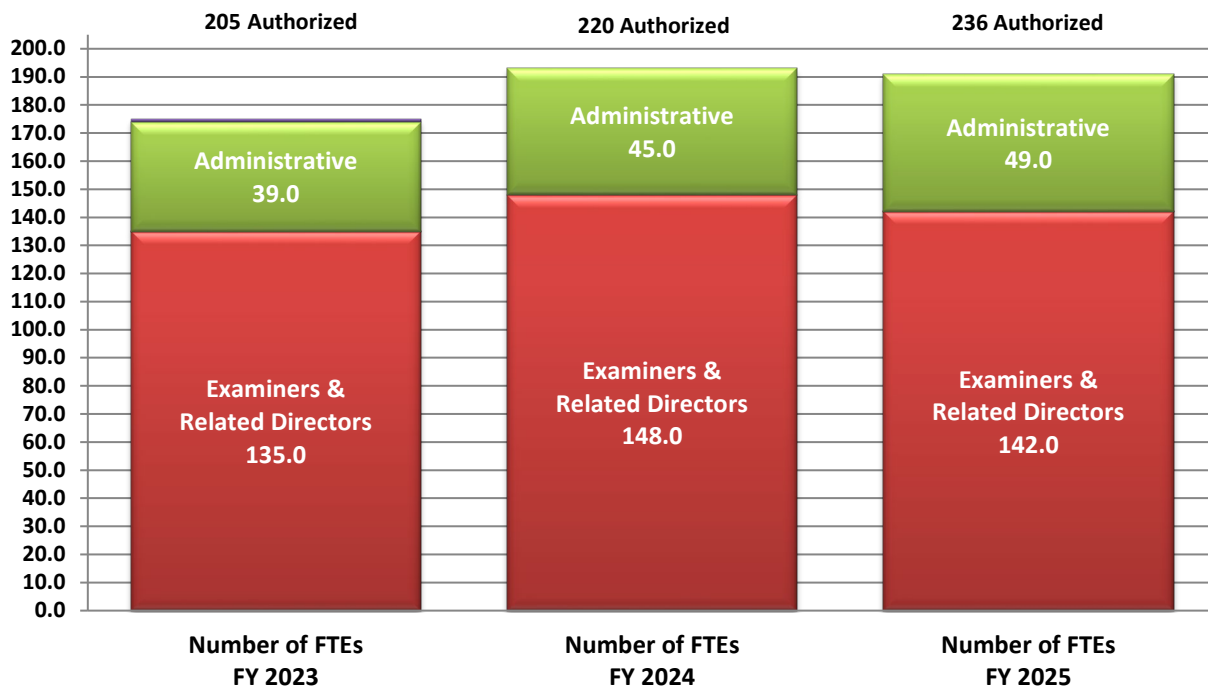
Active Postings				
<i>Number of Positions</i>	<i>Position</i>	<i>Division</i>	<i>Status</i>	<i>Activities</i>
1	IT Support Specialist III	MIS	Open until August 8, 2025	Recruiting
1	Financial Examiner III-VI: Corporate Analyst (Reposted)	Corporate	Open Until Filled	Recruiting
2	Financial Examiner V – Credit Review Specialist (Houston / San Antonio) (Reposted)	Bank and Trust	Open Until Filled	Recruiting
1	Financial Examiner VII – Review Examiner (Austin) (Reposted)	Bank and Trust	Open Until Filled	Recruiting
1	Manager VI – VII: Assistant CFO	Admin. Services	Open Until Filled	Recruiting
4	Financial Examiner II – III: Commercial Bank Examiner	Bank and Trust	Open Until Filled	Recruiting
1	Financial Examiner IV – VII: IT Security Specialist	Bank and Trust – IT	Open Until Filled	Recruiting
2	Financial Examiner III: Assistant IT Examiner (All Regions)	Bank and Trust – IT	Open Until Filled	Recruiting
1	Financial Examiner IV – V: Commercial Bank Examiner (All Regions) (Reposted)	Bank and Trust	Open Until Filled	Recruiting
1	Financial Examiner VI – VII: Commercial Bank Examiner (All Regions) (Reposted)	Bank and Trust	Open Until Filled	Recruiting

Status of Postings that Closed before August 1, 2025				
<i>Number of Positions</i>	<i>Position</i>	<i>Division</i>	<i>Status</i>	<i>Activities</i>
1	Financial Examiner VII – Review Examiner (Austin) (Reposted)	Bank and Trust	Closed June 13, 2025	Filled / Reposted
1	Financial Examiner VI-VII: Large Bank Operations Specialist (Dallas)	Bank and Trust	Closed June 18, 2025	Filled
2	Financial Examiner V – Credit Review Specialist (All Regions) (Reposted)	Bank and Trust	Closed June 23, 2025	Filled / Reposted
1	Financial Examiner VI – VII: Examiner Resources & Policy Coordinator	DSS	Closed on June 23, 2025	Selection
2	Accountant II – III	Admin. Services	Closed July 17, 2025	Recruiting

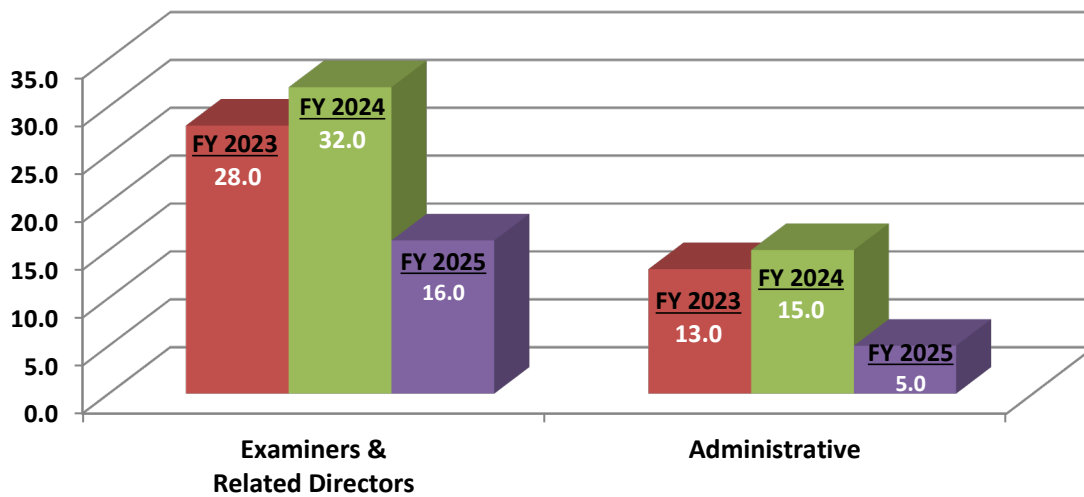
Division Activities:

- *New Employee Orientation (NEO):*
 - On July 1, 2025, one Financial Examiner VII (Trust Examiner) and one Financial Examiner V (Credit Specialist) in the Bank and Trust Division participated in NEO.
- *Renewals*
 - Annual Teleworking Request renewals are set to begin September 1, 2025.

Texas Department of Banking Employee Data for Fiscal Years 2023, 2024 and 2025 As of July 31, 2025

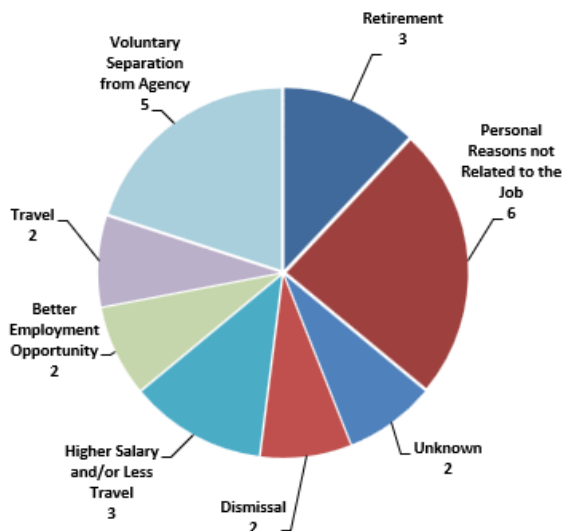


New Hire Data for Fiscal Years 2023, 2024 and 2025

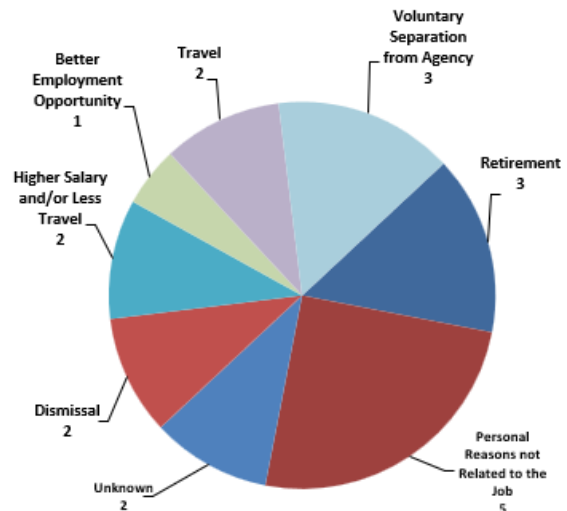


FY 2025 Employee Turnover Reasons

All Employees
25 Resignations



Financial Examiners Only
20 Resignations



As of 07/31/2025

Department of Banking
Actual Performance for Output Measures
Fiscal Year 2025

Type/Strategy/Measure	2025 Target	2025 Actual	2025 YTD	Percent of Annual Target	
Output Measures-Key					
1-1-1 Bank Examination					
1. # Bank Examinations Performed					
Quarter 1	101	27	27	26.73%	
Quarter 2	101	27	54	53.47%	
Quarter 3	101	26	80	79.21%	
2. # Foreign/Trust/IT Examinations Performed					
Quarter 1	194	55	55	28.35%	
Quarter 2	194	58	113	58.25%	*
Quarter 3	194	63	176	90.72%	*
FY 2025, Quarter 2 - The measure is above the target due to performing more joint large bank examinations in this quarter.					
FY 2025, Quarter 3 - The measure is above the target due to performing more IT examinations than anticipated in this quarter primarily associated with the increase in problem IT functions.					
1-2-1 Non-Bank Examination					
1. # NDS Licensees Examined					
Quarter 1	490	114	114	23.27%	
Quarter 2	490	109	223	45.51%	
Quarter 3	490	120	343	70.00%	*
FY 2025, Quarter 3 - The measure was 70% of target, exactly 5% below, due to the separation of two MSB financial examiners in FY 2025. In addition, MSB FE vacancies existed throughout FY 2025.					
1-3-1 Application Processing					
1. # License Applications Completed					
Quarter 1	350	70	70	20.00%	
Quarter 2	350	87	157	44.86%	
Quarter 3	350	73	230	65.71%	*
FY 2025, Quarter 3 - The measure is under the target due to less than expected applications and notices processed year to date. This is primarily due to receipt of fewer than anticipated branch closure notices, loan productions office/deposit production office closure notices, and less than expected MSB applications being processed.					



Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

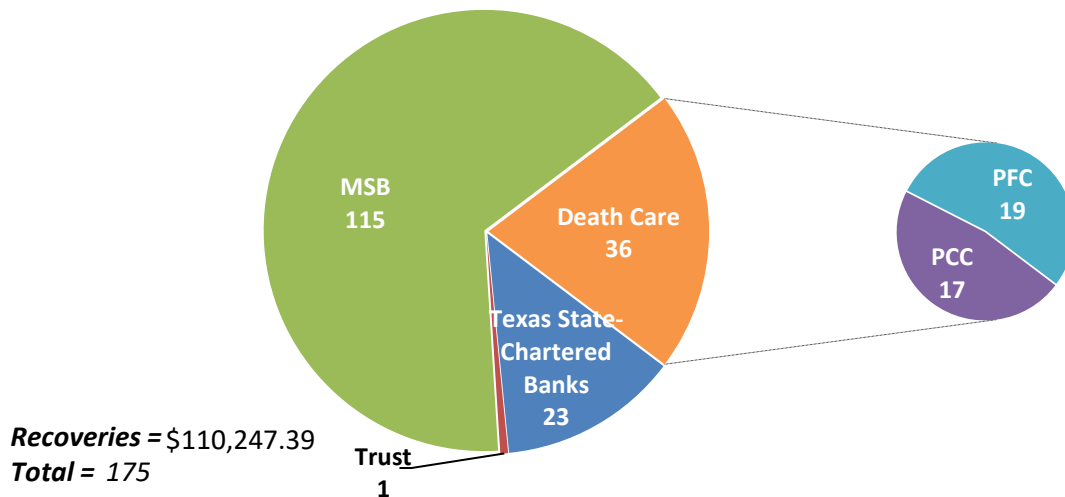
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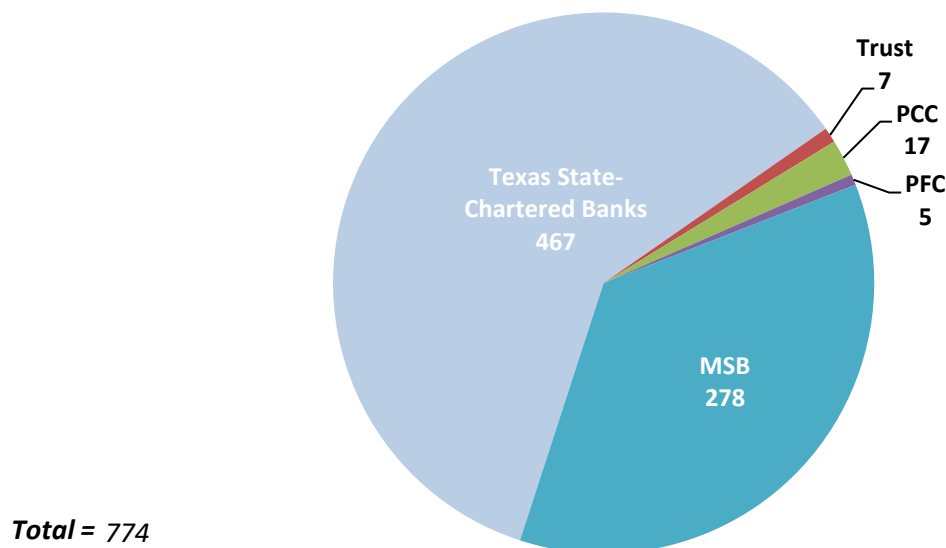
www.dob.texas.gov

To: Finance Commission Members
From: Lilliana R. Abbassi, Director of Strategic Support
Date: July 31, 2025
Subject: Summary of the Strategic Support Division Activities

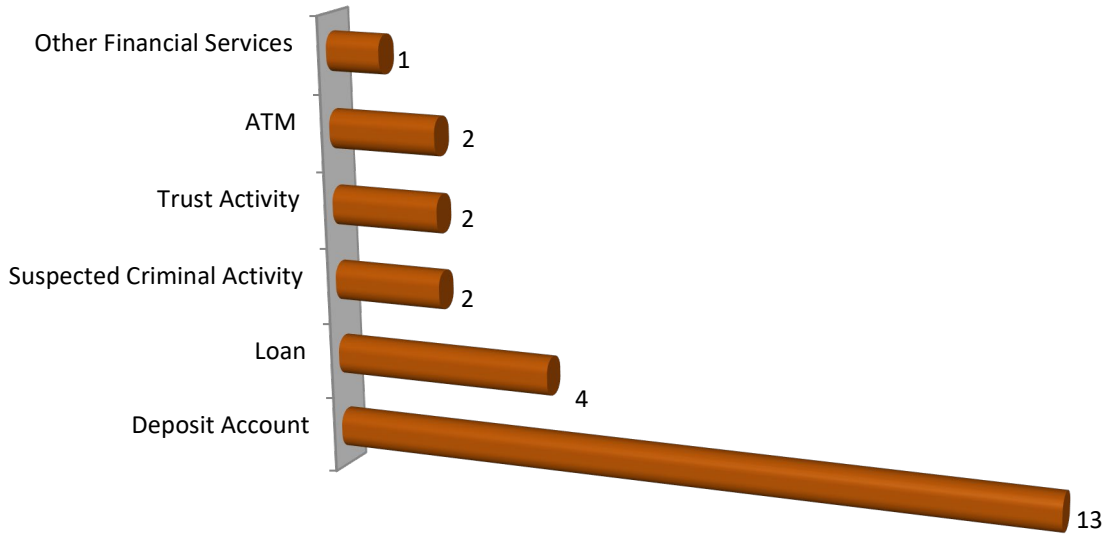
Jurisdictional Written Complaints September 2024 - June 2025



Inquiries on Jurisdictional Entities September 2024 - June 2025

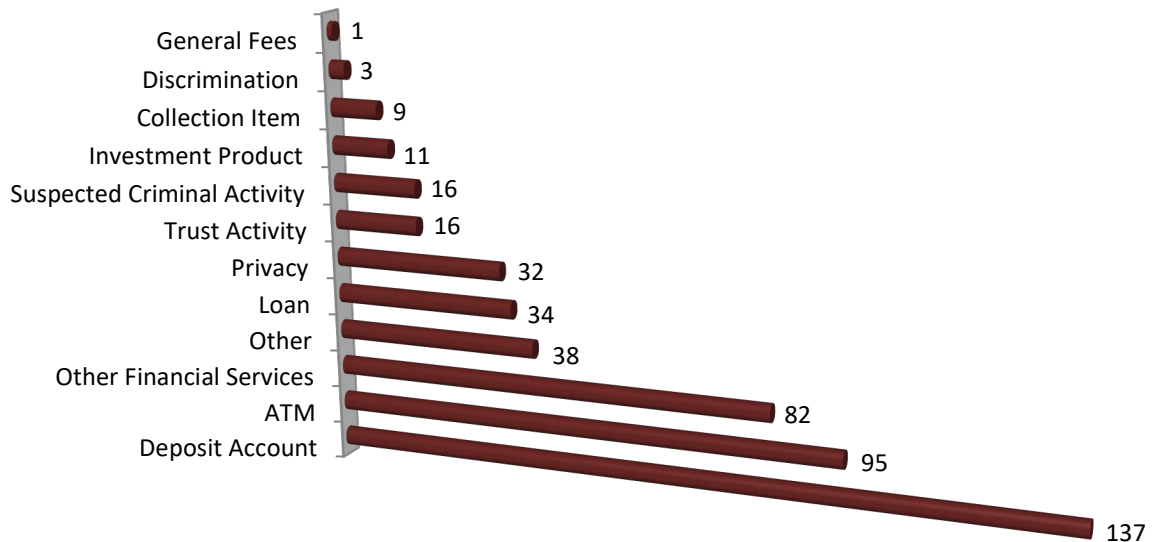


**State-Chartered Banks and Trust Companies
Written Complaints by Type
Septemeber 2024 - June 2025**



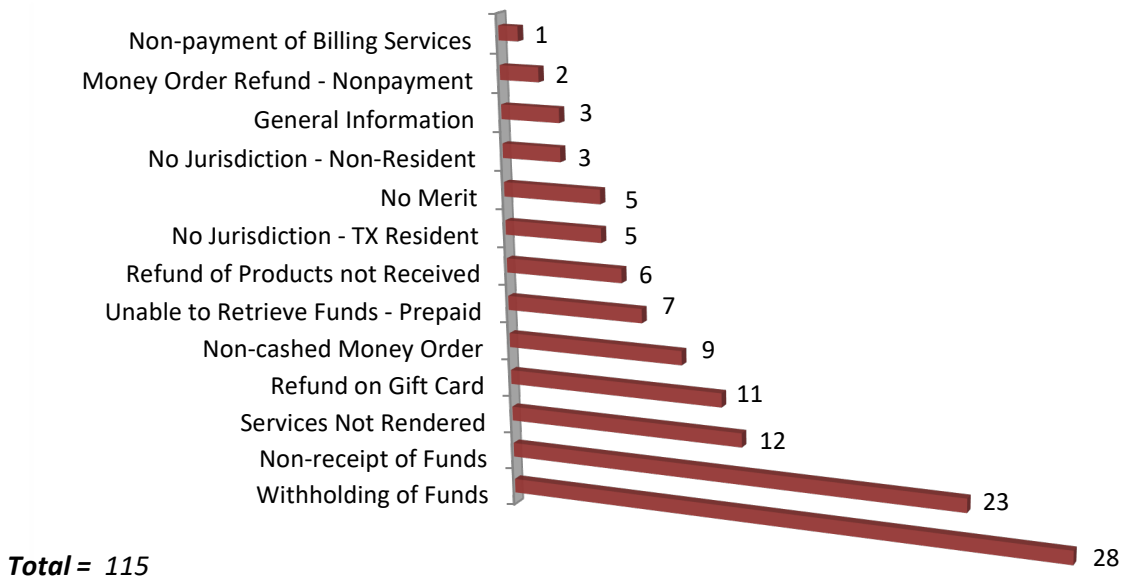
Total = 24

**State-Chartered Banks and Trust Companies
Inquiries by Type
September 2024 - June 2025**

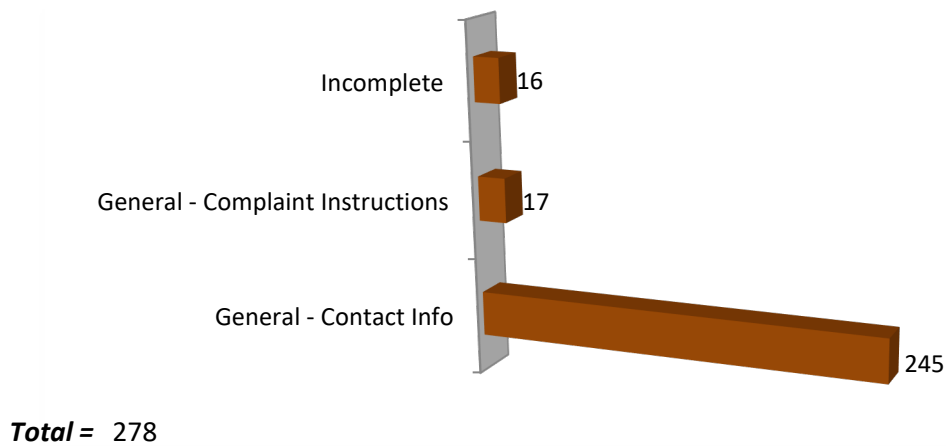


Total = 474

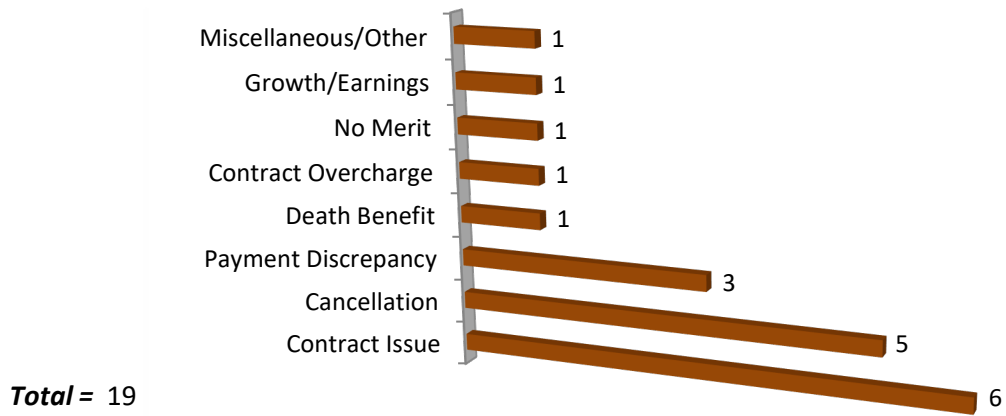
**Money Services Businesses
Written Complaints by Type
Septemeber 2024 - June 2025**



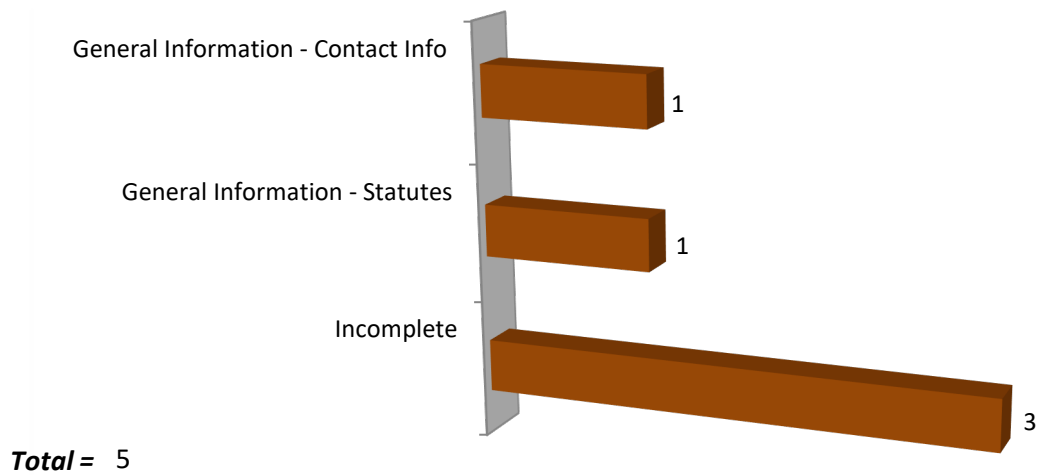
**Money Services Businesses
Inquiries by Type
Septemeber 2024 - June 2025**



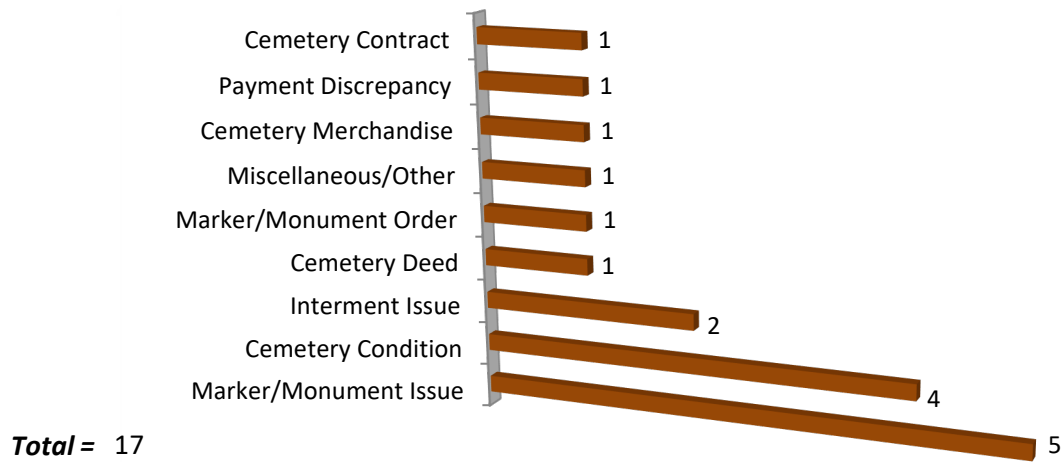
**Prepaid Funeral Contract Sellers
Written Complaints by Type
Septemeber 2024 - June 2025**



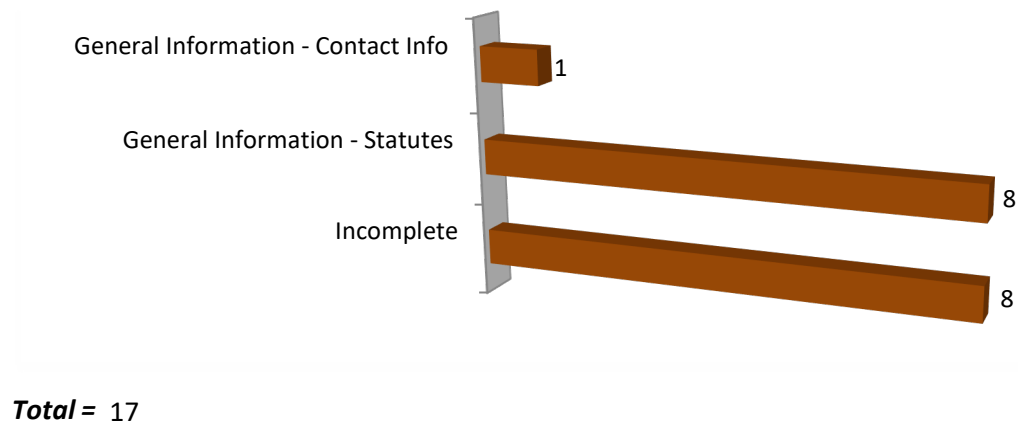
**Prepaid Funeral Contract Sellers
Inquiries by Type
Septemeber 2024 - June 2025**



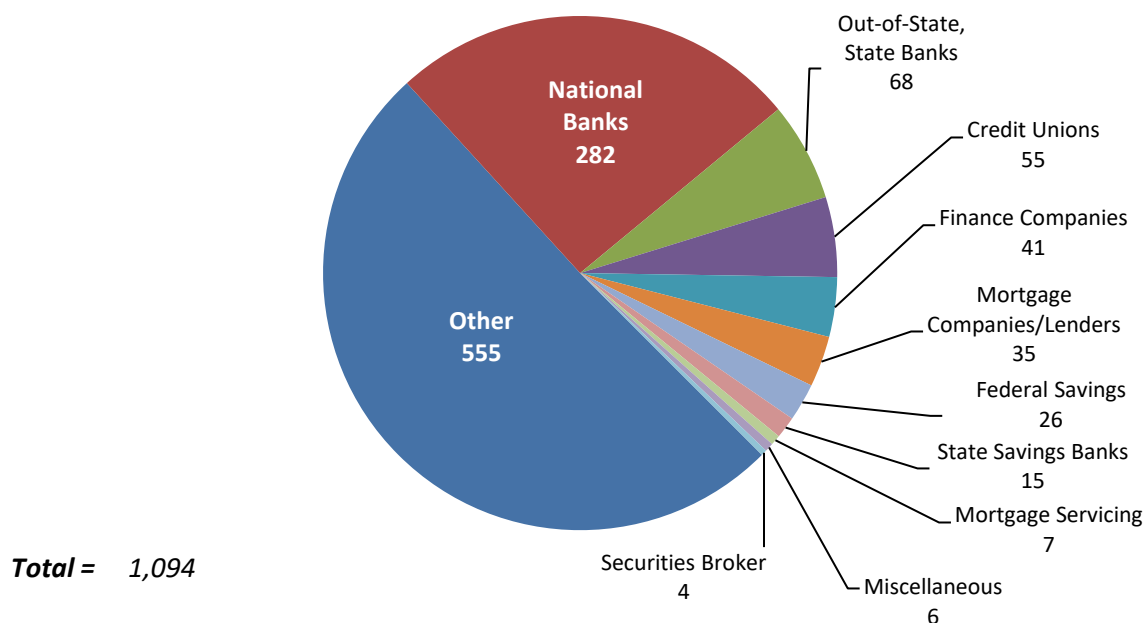
**Perpetual Care Cemeteries
Written Complaints by Type
September 2024 - June 2025**



**Perpetual Care Cemeteries
Inquiries by Type
September 2024 - June 2025**



Complaints and Inquiries Against Non-Jurisdictional Entities September 2024 - June 2025



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	18	19	18	N/A
Percentage of Written Complaints Resolved Within 90 days	100%	100%	100%	N/A
Number of Written Complaints Resolved	8	5	2	N/A
Trust				
Avg. Number of Days to Close a Written Complaint	N/A	16	N/A	N/A
Percentage of Written Complaints Resolved Within 90 days	N/A	100%	N/A	N/A
Number of Written Complaints Resolved	N/A	1	N/A	N/A
PFC/PCC				
Avg. Number of Days to Close a Written Complaint	42	42	30	N/A
Percentage of Written Complaints Resolved Within 90 days	100%	100%	100%	N/A
Number of Written Complaints Resolved	17	6	11	N/A
MSB				
Avg. Number of Days to Close a Written Complaint	19	27	19	N/A
Percentage of Written Complaints Resolved Within 90 days	100%	100%	100%	N/A
Number of Written Complaints Resolved	41	21	38	N/A

Closed Account Notification System (CANS) Activity
January 1, 2020 – July 31, 2025

Entity	Enrolled	Compromised Accounts Reported
Texas State-Chartered Banks	175	522
Texas State-Chartered Savings Banks	24	73
Federal Savings Banks	10	0
State Credit Unions	135	922
Federal Credit Unions	229	760
National Banks	171	119
Out-of-State State-Chartered Banks	12	77
Out-of-State National Banks	6	0
Total	762	2,473

Bank Examination Testing System (BETS) Activity
Number of Candidates Passing Each Phase

	FY 2022	FY 2023	FY 2024	FY 2025 As of 7/31/2025
I. General Knowledge	5	4	8	10
II. Loan Analysis	3	3	5	2
III. Panel	3	4	4	5
IV. Test Bank	3	6	3	6
Total FE3	13	14	14	17

Promotions

Commissioned Examiners	3	5	4	5*
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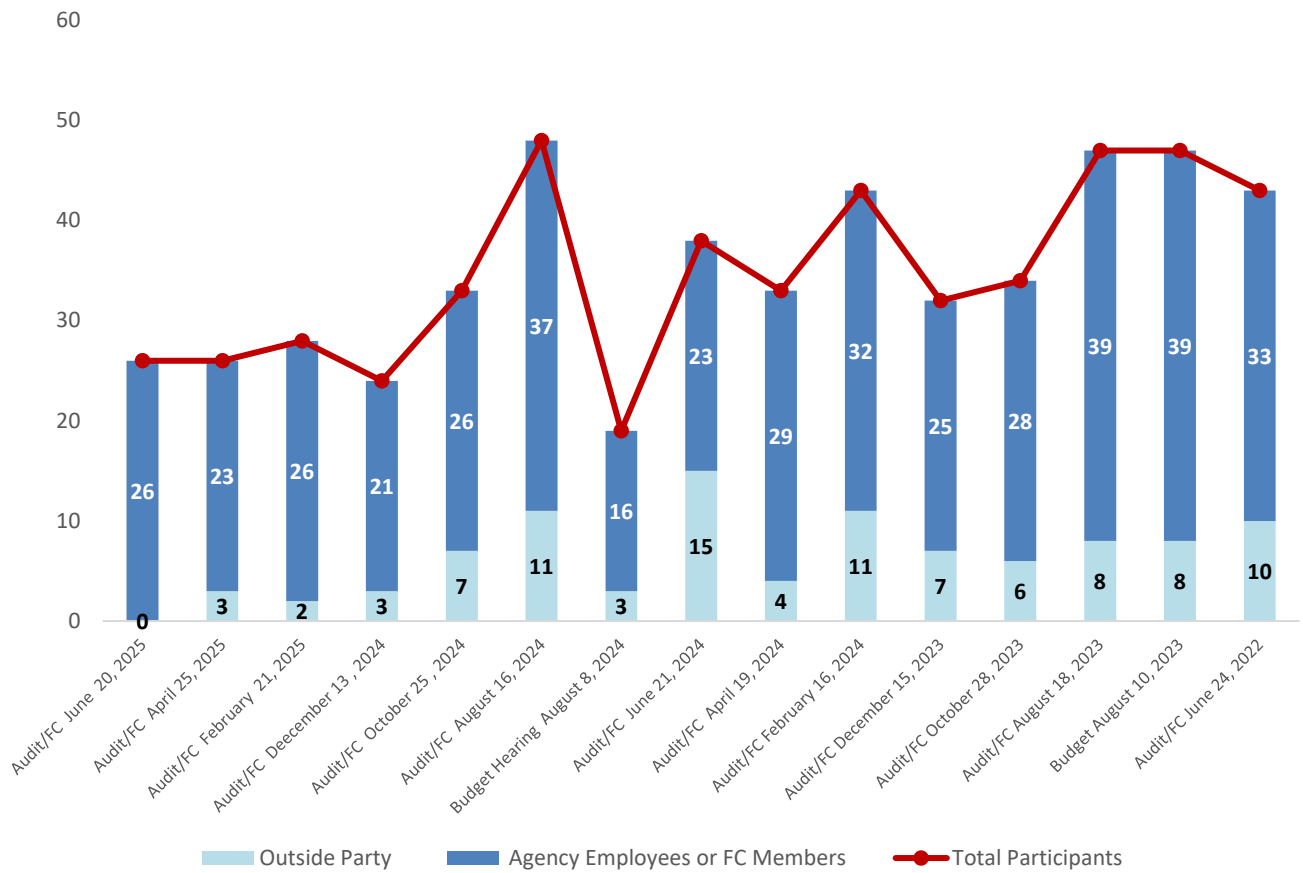
*One credit specialist successfully completed the process in March 2025.

Other Divisional Items:

- **89th Legislative Session – 1st Special Session**
 - The first special session began on July 21, 2025. The Department is reviewing all bills filed to identify those bills that should be tracked by the Finance Commission. As of July 30, 2025, there have been 275 bills filed, and the Department is internally tracking 10. There are no bills tracked for the Finance Commission at this time.
- **Training:**
 - The Examiner Training Program began July 2025 in Plano, Texas, with eight participants. In August, the group will rotate to the San Antonio region. The program will continue through mid-November 2025.
 - Staff conference is scheduled for the week of September 8 – September 11, 2025, in College Station, Texas. The agenda covers a variety of topics including economic trends and analysis, emerging technology, and leadership.

- *Policy Revisions/Updates:*
 - Administrative Memorandums (AM)
 - AM 2007 – CAPPs Time Reporting (July)
 - AM 2016 – Investment Policy for Funds Under the Oversight of the Guaranty Fund Advisory Council (June)
 - AM 2020 – Information Security for Criminal History Record Information (CHRI) (July)
 - AM 2030 – One-Time Merits (June)
 - AM 2031 – Delegation of Authority (July)
 - AM 2034 – Examination Due Date Calculation for MSB, PCC, and PFC License Holders (June)
 - AM 2040 – Removal of Confidential FinCEN Data Files (June)
 - AM 2049 – Employee Use of Social Media (June)
 - Personnel Policy and Procedures Manual
 - Section 7 – Payroll and Benefits (July)
 - Section 14 – Information Technology Policy (June)
- *Examination Procedure Revisions/Updates:*
 - Commercial Procedures:
 - #16 Management (June)
 - Trust Procedures:
 - #6 Asset Management Expanded and Streamlined (June)
 - Examination reference materials for commercial and trust (June, July)

Finance Commission Webcast Historical Data





Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

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512-475-1300 / 877-276-5554

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To: Finance Commission Members
From: Robert Nichols, General Counsel
Date: July 31, 2025
Subject: Legal Division Update

Litigation

Anthony Hrcir v. Internal Revenue Service, the Texas Department of Banking, et al., Cause No. 4:24-cv-00692-SDJ-AGD, United States District Court, Eastern District of Texas. This case was filed on August 1, 2024, and alleges the Internal Revenue Service, the Department of the Treasury, the Department of Banking, and other agencies have monetized the intellectual property that the Plaintiff's name represents without his consent, and he seeks a declaratory judgment and relief under the Privacy Act. The Plaintiff is petitioning the Court to require the agencies to disclose information related to the financial transactions through which the Plaintiff's name was monetized. The Department of Banking filed its Motion to Dismiss on November 12, 2024, the Plaintiff replied, and the Department responded to the reply on December 23, 2024. The Plaintiff has also filed two motions for default judgment and other frivolous motions, and the Department of Banking has responded in opposition. The matter remains pending.

Orders Issued June 1, 2025 – July 31, 2025

The Commissioner issued one enforcement order during this period:

Non-Depository Supervision

- Consent Order issued July 9, 2025; Wise US, Inc., New York, New York

Public Information Requests

From June 1, 2025, through July 31, 2025, staff received and responded to 24 requests for public information addressed to the Department of Banking and received 12 inquiries through the "Ask a Question" feature. During the same period, we received no public information requests addressed to the Finance Commission.

Gifts

On June 25, 2025, Commissioner Cooper attended the Federal Financial Institutions Examination Council (FFIEC) second quarter meeting in Washington, D.C. The FFIEC paid his airfare, lodging, and per diem in the amount of \$1,589.26. The Commissioner attended the meeting in his role as the current State Liaison Committee (SLC) Chair.

Federal Legislative Update

On July 18, 2025, President Trump signed the Guiding and Establishing National Innovation for U.S. Stablecoins Act (“GENIUS Act”), United States Senate Bill 1582, into law. The GENIUS Act establishes a regulatory framework for stablecoins, that applies to banks and non-banks at the federal level, requiring permitted stablecoin issuers to comply with a myriad of requirements including maintenance of reserves backing outstanding stablecoins on a one-to-one basis, compliance with minimum capital, liquidity, and risk management standards, third party accounting reviews of monthly reports, and prohibition of rehypothecation. The GENIUS Act requires the Secretary of the Treasury to issue regulations to implement and to define terms. The GENIUS Act will take effect either January 19, 2027, or 120 days after the date on which the primary federal payment stablecoin regulators issue any final regulations implementing it, whichever is earlier.

Of note, although the GENIUS Act supersedes state law as to stablecoin regulation, it allows entities, depending on the entity and the amount of payment stablecoins it has issued, to be regulated under either federal or state regulators, as long as the state’s payment stablecoin regime has been certified as substantially similar to the new federal payment stablecoin regime. However, under Section 16(d), a rider was added to the GENIUS Act which further limits state autonomy as it allows an uninsured state depository institution chartered under the banking laws of any state, that has a subsidiary that is a permitted payment stablecoin issuer, to engage in the business of money transmission, not just stablecoin issuance, or to provide custodial services through the permitted payment stablecoin issuer, in any other state.

FY 2025 Quarterly Order Activity

BANK				
Type of Action	1st	2nd	3rd	4th
Consent Order	4	0	0	0
Cease & Desist	1	0	0	0
Supervision	0	0	0	0
Prohibition	0	2	2	0
Total	5	2	2	0

TRUST COMPANY				
Consent Order	0	0	0	0
Cease & Desist	0	0	0	0
Supervision	0	0	0	0
Prohibition	0	0	0	0
Total	0	0	0	0

MONEY SERVICES BUSINESS				
Consent Order	3	3	3	1
Cease & Desist	0	0	0	0
Final Order after hearing	0	0	0	0
Total	3	3	3	1

FY 2025 Quarterly Order Activity Continued

PERPETUAL CARE CEMETERY				
Consent Order	0	0	0	0
Cease & Desist	0	0	0	0
Refusal to Renew Cert/Auth	0	0	0	0
Final Order after Hearing	0	0	0	0
Total	0	0	0	0

PREPAID FUNERAL CONTRACT				
Type of Action	1st	2nd	3rd	4th
Consent Order	2	0	0	0
Cease & Desist	0	0	0	0
Final Order	0	0	0	0
Total	2	0	0	0

3. Discussion of and Possible Vote to Take Action on the Adoption of New 7 TAC, Part 2, Chapter 33, §33.55, Concerning Clarification of Texas Finance Code §152.004(9).

PURPOSE: New §33.55 is proposed to clarify the term “attorney” for purposes of §152.004(9) and the conditions necessary to invoke the exemption.

RECOMMENDED ACTION: No comments were received regarding the proposed new rule 7 TAC, Part 2, Chapter 33, §33.55. The Department recommends that the Commission approve adoption of the new rule without changes to the proposal as previously published in the *Texas Register*.

RECOMMENDED MOTION: I move that we adopt the new 7 TAC, Part 2, Chapter 33, §33.55 without changes to the proposal as previously published in the *Texas Register*.

Title 7. Banking and Securities
Part 1. Finance Commission of Texas
Part 2. Texas Department of Banking
Chapter 33. Money Services Business
7 TAC §33.55.

The Finance Commission of Texas (the commission), on behalf of the Texas Department of Banking (the department), adopts new §33.55, concerning the exemption to money transmission licensing under Finance Code §152.004(9), relating to certain activity by attorneys and title companies. The new rule clarifies the term “attorney” for purposes of §152.004(9) and the conditions necessary to invoke the exemption.

Pursuant to the new rule, only licensed attorneys who are a member of the State Bar of Texas, or Texas professional corporations organized to provide professional legal services, who receive and disburse escrow or trust funds in the course of providing legal representation may avail themselves of §152.004(9)—so long as all other conditions of the exemption are met.

The department received no comments regarding the proposed new rule.

The new rule is adopted under Texas Finance Code §152.052, which authorizes the commission to adopt rules to administer and enforce Chapter 152, including rules necessary and appropriate to implement and clarify the chapter. Chapter 152 was adopted by Senate Bill 895 during the 88th Legislative Session.

Texas Finance Code §152.004 is affected by the proposed new rule.

<rule>

§33.55. Clarification of Texas Finance Code § 152.004(9).

For an attorney to qualify for the exemption under Texas Finance Code § 152.004(9), the attorney must be licensed to practice law and a member of the State Bar of Texas, or a Texas professional corporation organized to provide professional legal services, and must be performing legal services in connection with the real property transaction.