



2015 Legislative Summary

Summary of legislative efforts on behalf of credit unions in Arkansas, Oklahoma and Texas in their respective 2015 legislative sessions.

August 2015

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EXECUTIVE SUMMARY

This year marked the first time since the formation of the Cornerstone Credit Union League that the Arkansas, Oklahoma, and Texas legislatures were in concurrent sessions. The 2015 sessions were very successful for credit unions, and there is much to be proud of. The successes are defined not only by the bills passed, but also the many bills defeated or favorably amended and the key issues for which we generated a great deal of momentum to build on between sessions.

The Cornerstone Governmental Affairs Committee (GAC) conducted a Legislative Summit last year to determine the state and federal legislative priorities for 2015-2016. GAC members considered feedback from the advocacy survey that was distributed to all credit union CEOs, input from visits with credit union professionals and volunteers, and, in some cases, carryover legislation that did not pass in previous legislative sessions. The GAC recommendations were presented to the Cornerstone League board for approval and became the areas of focus in our respective legislative sessions.

Cornerstone entered the 90th Arkansas General Assembly with three primary objectives:

- Protect lienholder interests
- Enhance grassroots advocacy
- Protect interchange income

In the first session of the 55th Oklahoma Legislature, Cornerstone was focused on the following objectives:

- Achieve Low-Income Credit Union designation for state charters
- Protect lienholder interests
- Enhance grassroots advocacy

In the Texas 84th Legislature, Cornerstone focused on the following objectives:

- Support amendments to address credit union concerns on home equity
- Seek opportunities to mitigate regulatory burdens
- Support legislation to protect lienholder interests
- Support measures to favorably modify data security
- Support the franchise tax exemption for credit unions
- Support an independent credit union department (self-directed, semi-independent status)



Jim Phelps
Senior Vice President – Advocacy
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CORNERSTONE CREDIT UNION LEAGUE

The Cornerstone association offices in the state capitols are the front lines for our lobbying efforts. The offices are led by association presidents Reta Kahley in Arkansas, Nate Webb in Oklahoma and Jeff Huffman in Texas. In addition to the presidents, Cornerstone staff worked diligently to analyze thousands of bills, track key legislation and develop legislative communications.

Some of the high points of Cornerstone's efforts during the legislative sessions include:

- Conducting an analysis of more than 10,700 bills;
- Closely monitoring more than 300 bills for any changes
- Meeting personally with nearly every member of each state legislature and hundreds of legislative staff
- Collaborating with government relations contacts at other trade associations on shared legislative issues of interest
- Defeating a bill that would have resulted in a loss of revenue for credit unions that offer credit or debit card services to members
- Amending a bill to exempt credit unions from required changes and additional disclosures to account opening procedures that will now only apply to banks
- Defeating a bill that would have rolled back key provisions achieved in last year's "wrecker bill" dealing with the possessory lien process
- Passing legislation that places insurance requirements on private vehicles used in ride sharing networks such as Uber and Lyft to protect lienholders
- Defeating an effort to move the Sunset review date for the Texas Credit Union Department from 2021 to 2017

Numerous other bills were amended or defeated that could have had an adverse impact on credit unions, and some of those issues may resurface in one of the next sessions.

I would like to thank the credit union professionals and volunteers who played a key role in this year's

legislative sessions. Were it not for your ongoing support of the Cornerstone state PACs, participating in critical grassroots alerts, and reviewing filed legislation, our success would not have been possible.

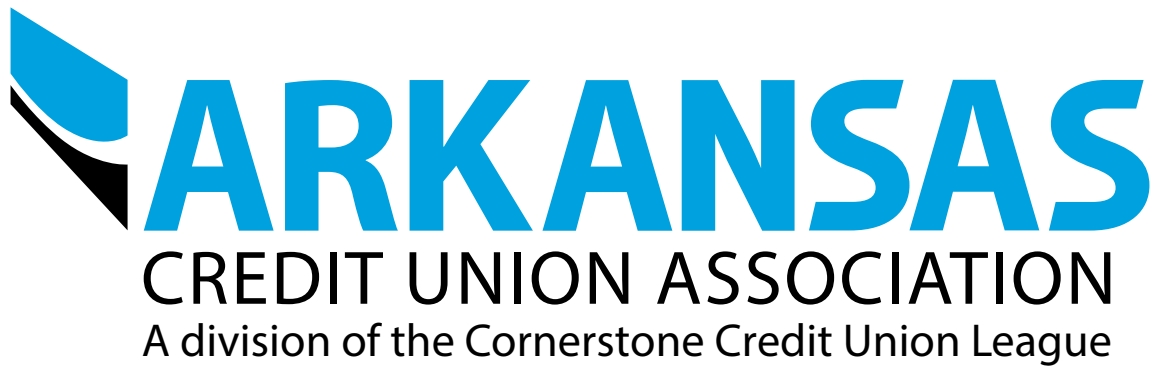
In addition, Cornerstone staff worked with numerous lawmakers in our respective delegations to introduce pro-credit union legislation or to defeat or amend harmful legislation when necessary. The bill summaries contained herein include details on the bills and sponsors. When you see your lawmakers back home, please be sure to thank them for their support of credit unions.

Thank you for your support of Cornerstone Credit Union League's advocacy outreach efforts. We look forward to collaborating with you as we continue to enhance the political capital of credit unions in the state capitols and in our local communities.

Sincerely,



Jim Phelps
Senior Vice President – Advocacy
Cornerstone Credit Union League



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Arkansas

Oklahoma

Texas

STATE SUMMARY



The Arkansas State Legislature's 90th General Assembly was very successful this year, even though it was a bit unusual. For the first time since Reconstruction, Arkansas' session was led by Republicans in both the House of Representatives and the Senate, as well as at the governor's level and all constitutional offices.

At the November 2014 general election, Arkansans voted in a groundbreaking ethics law that changed the way legislators are approached by organizations and lobbyists. It is probably the strictest ethics law in the country, and it took effect the day after the elections. Not only did the law make it illegal to buy a lunch or dinner for a legislator, it also made it illegal to buy them something as innocuous as a cup of coffee or give them a gift of any value. To comply with the ethics law, one must invite the entire membership of the general assembly or a recognizable subdivision of the whole legislature.

The Arkansas Credit Union Association's legislative luncheon, usually held the first week of the session, meets this criterion because we not only invite the entire legislative body, we also invite the constitutional officers and all legislative staff members. Legislative breakfasts, a mainstay in the association's lobbying arsenal, have continued, and in fact, have prospered under the new rules because now everyone who attends breakfast at the Capitol must pay for his/her own breakfast. These breakfasts have fostered the excellent relationships we have with our state legislators.

When the session began in January, the usual onslaught of bills being filed didn't materialize. Instead, in this session we had fewer bills filed than in previous years. This year because of the influence of a Republican House, Republican Senate, and Republican governor, legislators held off introducing bills until the governor's legislative agenda was completed and his bills on Arkansas' Private Option Health Care, prison reform, and education had passed both the House and Senate.

In 2015, a total of 1,054 Senate bills were filed; 1,006 House bills were filed; and a total of 2,186 bills and



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resolutions were filed. Also, 1,288 acts (passage of Senate and House bills) became law.

HB1775 and Its Significance

One of the most significant and highly anticipated bills to be introduced this legislative session concerned interchange income for financial institutions. We saw a similar bill introduced in the 2013 session that we successfully defeated. In 2013, the focus of the bill was to eliminate interchange income, making it a felony to collect interchange from merchants. We successfully killed that bill.

This year's version HB 1775 called for a change in the way interchange is calculated and paid, resulting in a loss of revenue for credit unions that offer credit or debit card services to members. If the bill had passed, it would have become illegal to charge interchange on the tax (city, county, state) portion of a bill. With the assistance of Credit Union National Association and its affiliates and the Electronic Payments System, your association was successful in having this bill sent to interim study, which effectively killed it for this legislative session. Sometimes killing a bill is our best option to protect credit unions' interests.

We held two very successful legislative events this year: our Legislative Luncheon, held on January 14, and our Day at the Legislature, hosted by the Arkansas State Governmental Affairs Subcommittee in late March. At the Legislative Luncheon, leaders from more than 20 credit unions and more than 200 legislators and their staff members met for lunch at the Capitol Hill building on the grounds of the State Capitol. It is a time for credit union staff and volunteers to meet their state representatives and senators, getting to know them in a relaxed social setting.

This year was the first time the Arkansas State Governmental Affairs Subcommittee has hosted "A Day at the Legislature." The event was conducted on March 25. It was a time for credit union staff and volunteers to learn about the legislative process, attend committee meetings, and visit the House and Senate

in afternoon sessions. This year's attendees were also treated to a luncheon with guest speakers Attorney General Leslie Rutledge and Senator Bill Sample.

Respectfully,

Reta M. Kahley
President, Arkansas Credit Union Association



HB1489 Became Act 412

Sponsor: Representative Lane Jean

Bill Summary

The bill changes the calculation of an individual's unemployment insurance benefit from the highest quarter of earnings to the average of an employee's last four quarters of earnings. It also reduces the weeks of unemployment insurance benefits in Arkansas from 25-20.

Bill Details

The purpose of this bill is to help the Arkansas Unemployment Insurance Trust Fund improve its balance in an effort to meet the U.S. Department of Labor's (USDOL) solvency requirement, which is currently calculated at \$642 million. The USDOL's plan is for all states to meet their solvency calculated balance by 2019. This fund has approximately \$230 million now. The fund is solely funded by employers who paid up to an additional \$195 per employee to retire debt that arose in 2009 from the Great Recession.

Effective Date

July 22, 2015

CU Action Needed

No credit union action needed.

SAVINGS PROMOTIONS

HB1642 Became Act 589

Sponsor: Representative Reginald Murdock

Bill Summary

This bill allows financial institutions, including credit unions, to set up savings promotion raffles tied to depository accounts.

Bill Details

This bill makes it legal for financial institutions, including credit unions, to conduct savings promotion raffles for the purpose of encouraging savings. It defines savings promotion raffles and establishes that they should be conducted so that each savings promotion deposit provides a depositor with an equal chance of winning a prize as designated by the financial institution.

Effective Date

July 22, 2015

CU Action Needed

Credit unions do not have to do anything special to participate in these savings promotion raffles.

Arkansas

Oklahoma

Texas

SB124 Became Act 1156

Sponsor: Senator David Johnson

Bill Summary

This bill effectively changes the name of the Arkansas Credit Union League to the Cornerstone Credit Union League. It also makes other technical corrections to Arkansas Code.

Bill Details

For purposes of the Arkansas Code, references to the Arkansas Credit Union League will now become Cornerstone Credit Union League. It also makes numerous other technical changes to Arkansas Code, cleaning up confusing and/or outdated references.

Effective Date

July 22, 2015

CU Action Needed

None



SB481 Became Act 387

Sponsor: Senator Eddie Joe Williams

Bill Summary

This bill states that if a government entity implements a non-consent towing rotation list, the government entity shall require each towing and storage firm that tows, removes, or stores vehicles in the government's jurisdiction to annually file a list of the towing and storage firm's current rates for services.

Bill Details

This bill states that if a government entity implements a non-consent towing rotation list, the government entity shall require each towing and storage firm that tows, removes, or stores vehicles in the government's jurisdiction to annually file a list of the towing and storage firm's current rates for services. It further explains what the penalties are for failure to file the list with the government entity. First offenses are punishable by a fine of \$1000. Second or subsequent offenses are punishable by a fine of \$2000.

Effective Date

July 22, 2015

CU Action Needed

None

Arkansas

Oklahoma

Texas



SB562 Became Act 1117

Sponsor: Senator Jake Files

Bill Summary

This bill adds a new section to Arkansas Code 27, Chapter 50, Subchapter 12 regarding consumer complaint resolutions. This bill requires a law enforcement agency that administers a non-consent written vehicle removal policy against a tow company to submit the consumer complaint to the Arkansas Towing and Recovery Board within five days of receipt of the complaint.

Bill Details

This bill requires a law enforcement agency that administers a non-consent written removal policy against a tow company to submit the consumer complaint within five days of receipt to the Arkansas Towing and Recovery Board. It lists the information that must be contained in the complaint. It sets out that the lienholder of a vehicle as well as the owner of the towed vehicle and/or the company that insures the towed vehicle can file a complaint. It also sets out the penalties for noncompliance.

Effective Date

July 22, 2015

CU Action Needed

None



SB790 Became Act 690

Sponsor: Senator Jeremy Hutchinson

Bill Summary

This bill clarifies the law regarding employee benefits and employer contributions under the Department of Workforce Services Law.

Bill Details

This bill clarifies several sections of the Arkansas Code concerning unemployment benefits after discharge for misconduct. If an individual is discharged for testing positive for an illegal drug in violation of the employer's bona fide written drug policy, the individual is disqualified from receiving unemployment until the claimant has been paid wages in two quarters for insured work totaling not less than 35 times his or her weekly benefit amount. Also, if an employee is disqualified for unemployment benefits after failure or refusal to apply for or accept suitable work, the disqualification continues until the claimant has been paid wages in two quarters for insured work totaling not less than 35 times his or her weekly benefit amount. This bill also amends Arkansas Code concerning collection of employer contributions after failure to pay or report by adding the following: If, after due notice, a person defaults in payment of contributions, the federal income tax refund of the person is subject to interception under the Claims Resolution Act of 2010.

Effective Date

An emergency clause was written into this bill which makes the effective date of the bill July 1, 2015.

CU Action Needed

None

Arkansas

Oklahoma

Texas



SB817 Became Act 909

Sponsor: Senator Eddie Joe Williams

Bill Summary

This bill allows for the electronic registration of qualified political action committees by January 15 of each year. Registration may be filed in electronic form through the official website of the Secretary of State.

Bill Details

This bill allows for the electronic registration of qualified political action committees by January 15 of each year. Registrations may be filed through the official website of the Secretary of State in a format approved by the Secretary of State. The form requires the filer to submit the name, street address or telephone number of an individual designated as the resident agent for the PAC. The official website of the Secretary of State shall allow for searches of political action committee registration information filed in electronic form under this bill.

Effective Date

July 22, 2015

CU Action Needed

None



SB937 Became Act 918

Sponsor: Senator Terry Rice

Bill Summary

This bill permits the use of an affidavit by an attorney or title agent that a lien has been satisfied on a mortgage, deed of trust, or other lien.

Bill Details

This bill permits the use of an affidavit by an attorney or title agent that a lien has been satisfied on a mortgage, deed of trust or other lien. If the person receiving lien satisfaction does not within 60 days after being requested, acknowledge satisfaction of a lien, a satisfaction affidavit may be recorded in the county where the lien is recorded and shall have the same effect as an acknowledgment of satisfaction. Such affidavit may be executed by an attorney who prepared the original mortgage or deed of trust; a licensed attorney who represents the person making or have received satisfaction; or a licensed title agent employed by a title company that tendered the satisfaction on behalf of the person making the satisfaction. The satisfaction affidavit must meet certain criteria to be legal including the date of payment and the amount paid to satisfy the indebtedness.

Effective Date

April 2, 2015

CU Action Needed

Credit unions should promptly execute an acknowledgment of lien releases. They have 60 days to do this if the mortgagee requests it. If no release is given, the satisfaction affidavit can be prepared and recorded.

Arkansas

Oklahoma

Texas

OKLAHOMA



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Mark Kelly
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Steve Rasmussen
FAA CU

Tim Lyons
TTCU The CU

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STATE SUMMARY



The only thing one can accurately predict about a legislative session is that it will be unpredictable. But there are a few certainties. For example, Oklahoma lawmakers are required to begin session the first Tuesday of February and complete their work by 5 p.m. on the last Friday of May. What happens in between is no more predictable than spring weather in Oklahoma. A change in leadership, new members, and a shift in priorities (or all of the above) give each legislative session its own rhythm and personality. And then there's the "wild card"—something no one anticipated.

OKLAHOMA'S LEGISLATIVE SESSION AT A GLANCE

For the First Session of the 54th Oklahoma State Legislature, the wild card was a \$611 million reduction in the general revenue fund. The shortfall is attributed to three significant factors:

- Last session's use of one-time funds
- Effect of low crude oil prices
- Impact of income tax reduction

Prior to session, lawmakers knew they would have less money to appropriate, but the extent of the budget shortfall was not known until after they convened.

Since the Oklahoma legislature is constitutionally required to present a balanced budget, funding for many state agencies was cut by as much as 7.5 percent; the state's rainy day fund was tapped for more than \$95 million; and revolving or "carryover" funds were raided. So while the House and Senate considered bills on a wide variety of issues, the significant drop in dollars available for appropriation created a black cloud that drove much of this year's agenda.



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OUR PRE-SESSION PROCESS

When session began, nearly 2,100 bills had been filed and were available for consideration. Oklahoma Credit Union Association staff reviewed each bill looking for any that would or could have an impact on Oklahoma credit unions. Then, by using key words, phrases, and relevant statutes, it was determined that 225 bills needed closer scrutiny. Each was assigned to a priority list ranging from one to three and, ultimately,



200 bills were tracked. Of those, 25 were placed on a priority “hotlist” comprised of bills deemed to warrant our closest attention.

Following is a sample of the hotlist bills. Also included in this report is a detailed analysis of all bills of interest to Oklahoma credit unions.

PRIORITY LEGISLATION

SB 796

Summary

This would have repealed many of the important provisions correcting long-standing issues with the Title 42 possessory lien process achieved last year by SB436, the so-called “wrecker bill.”

Action taken: We were able to prevent this bill from being heard in House committee.

Status: Dormant pursuant to the rules and eligible for consideration next year.

Effective Date: N/A

SB 465

Summary

Introduced by the insurance industry, the intent was to expedite the release of liens in a total loss situation. As introduced, the bill could have created situations in which lien holders would be forced to release liens before ensuring all conditions had been satisfied.

Action taken: We were involved in extensive negotiations with the insurance industry and the bill’s author to amend the bill to our satisfaction.

Status: Signed by the governor

Effective Date: Nov. 1, 2015

HB 1614

Summary

The so-called “Uber Bill” provides minimum insurance requirements for drivers and vehicles involved in ride-sharing networks such as Uber and Lyft. It also

defines when in the ride-sharing process a vehicle is covered by private insurance and when the company’s commercial insurance provides coverage. Previously these issues were not defined in statute, leaving lienholders and their collateral at risk.

HB1614 also includes provisions from a Senate bill that places ride-sharing network regulations under the jurisdiction of the Oklahoma Corporation Commission. Previously, these networks were regulated by individual city ordinances creating a patchwork of inconsistent regulations.

Action taken: From the beginning of session, we worked closely with insurance companies and ride-sharing companies to ensure insurance requirements and definitions were adequate. Parochial interests created a degree of tension between authors of bills from both chambers. We played a significant role ensuring key elements from both bills were combined to create the final legislation.

Status: Signed by the governor

Effective date: July 1, 2015

HB 1773

Summary

Though strongly opposed by the Oklahoma Bar Association, we worked in tandem with the Oklahoma Banker’s Association to pass this measure. Until now, Oklahoma was the only state in the nation that did not have a uniform commercial code.

Action taken: We worked in tandem with the Oklahoma Banker’s Association to pass this measure.

Status: Signed by governor

Effective Date: Nov. 1, 2015

SB 809

Summary

Supported by the Oklahoma oil and gas industry, this bill preempts municipal ordinances regulating oil and gas exploration and production within municipal



boundaries. As introduced, it would have put at risk Oklahoma's ability to participate in the National Flood Insurance Program (NFIP). If this occurred, federal mortgage guarantees such as VA, FHA, and SBA would no longer be an option for properties located within the floodplain.

Action taken: We worked with supporters and authors to amend this bill to our satisfaction. Because language was not finalized until late in the session, it did not have enough time to make its way through the process this year.

Status: Signed by the governor

Effective Date: Aug. 20, 2015

SB 833

Summary

Introduced in the final days of the legislative session, this bill was not eligible to be heard this year; however, it will be a top priority next year. It would prevent the state government from offering payroll deductions to state employees. This would have very negative implications for many of our credit unions, and we will strongly oppose.

Status: Dead pursuant to the rules and eligible to be heard next year.

Action taken: Within 24 hours of its introduction, we met with the Senate author who has agreed to work with us over the interim to address any concerns we might have.

Effective Date: N/A

LOOKING AHEAD

The Oklahoma Legislature is comprised of two separate sessions. This year was the first session of the 54th Legislature. Next year will be the second. Since 1,735 bills from this year will be eligible for consideration next session, it is reasonable to predict close to 4,000 pieces of legislation will be in the hopper when lawmakers convene in early February 2016.

A significant factor next year will be election-year politics. All 101 House members and half (24) of the Senate members will be up for re-election. As always, an election year means politics play an even more significant role in the process. We will see a number of bills filed simply for bragging rights on the campaign trail and political posturing on the floor and committees.

The House is also in the process of electing a new speaker. These internal campaigns typically create fissures within the majority caucuses as candidates and their coalitions jockey for one of the most powerful positions in state government. Historically, the new speaker will shuffle key leadership roles, such as committee chairmanships, and promote his or her "lieutenants" to positions of greater influence. A change of senior House staff is also likely. The new speaker will be elected this year but won't assume the position until 2017. However, the impact will be evident in 2016 as influence shifts from the lame-duck speaker to the member who will assume the mantle of power.

Meanwhile, association staff will monitor interim studies, explore opportunities for pro-credit union legislation, and develop effective strategies for bills we believe to be detrimental.

Respectfully,

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DURABLE POWERS



SB 109

Senate Authors: Senators Patrick Anderson and Anastasia Pittman
House Author: Representative Wade Rousselot

Bill Summary

Durable powers of attorney; modifying certain authority and procedures.

Bill Details

Under current law, a power of attorney [“POA”] terminates after a court appoints a conservator, guardian or other fiduciary to manage the principal’s property. The bill deletes such termination language and instead provides that after a court appoints a fiduciary, an agent under a POA continues its powers but now must be accountable to the court appointed fiduciary as well as the principal. The court appointed fiduciary may revoke or amend the POA.

The bill also clarifies that if a durable POA is recorded with the county clerk, then revocation of that same durable POA must also be filed with the clerk. Until notice of revocation is recorded, any person may rely on the recorded authority of the agent, and the acts of the agent remain binding.

Effective Date

November 1, 2015

CU Action Needed

Credit unions should update policies and procedures concerning POAs to reflect these changes.

Arkansas

Oklahoma

Texas



HB 1120

House Author: Representative Todd Russ
Senate Author: Senator Dan Newberry

Bill Summary

Mortgages; authorizing title insurance company to recover certain penalty.

Bill Details

The bill authorizes a title insurance company to bring action on behalf of a mortgagor to recover penalties from the holder of the mortgage for failure to timely release the lien and file the release with the county clerk.

Effective Date

November 1, 2015

CU Action Needed

Credit unions need to review policies and procedures to ensure that they timely release mortgages after members have satisfied the debt.



HB 1123

House Author: Representative Todd Russ
Senate Author: Senator Dan Newberry

Bill Summary

Decreasing time for filing release of mortgage after debt payment.

Bill Details

The bill reduces the time period that a mortgage on real estate must be released and filed with the county clerk after payment of the underlying debt, from 50 days to 30 days.

Effective Date

November 1, 2015

CU Action Needed

Credit unions need to revise mortgage lending policies and procedures to ensure that mortgages are timely released under the new shorter 30 day time frame. Staff should be trained on the new requirements.

Arkansas

Oklahoma

Texas



SB 809

Senate Author: Senator Brian Bingman

House Author: Representative Jeff Hickman

Bill Summary

Authorizing regulation by municipalities, counties and other political subdivisions; prohibiting certain regulations.

Bill Details

The bill allows a municipality, county or other political subdivision to enact reasonable ordinances, rules and regulations concerning traffic, noise and odors incidental to oil and gas operations within its boundaries. The bill allows these municipalities or counties to establish reasonable setbacks and fencing requirements for oil and gas well site locations to protect the health, safety and welfare of its citizens but prohibits them from effectively banning the operations. The bill requires that all other regulation of oil and gas operations be subject to the exclusive jurisdiction of the Corporation Commission. The bill states that when an area other than the Corporation Commission implements or adopts rules or regulations concerning oil and gas operations that have the effect of substantially interfering with the use of, or exercising dominion and control over the mineral estate, the action is considered a taking of private property. The bill repeals statutory language that allows municipal governments to prevent oil or gas drilling, or to provide its own rules and regulations with reference to well-spacing units or drilling or production, which they may have at this time under the general laws of the state.

The bill as proposed would have removed the authority of municipalities to enforce floodplain management regulations on the development of oil and gas operations within municipal boundaries. This would have created significant problems for credit unions because the National Flood Insurance Act and related regulations require municipalities to regulate developments in flood-prone areas in order for those areas to receive flood insurance.

Effective Date

August 20, 2015

CU Action Needed

None

INSURANCE



In this scenario, municipalities would no longer be eligible to participate in the National Flood Insurance Program [“NFIP”]. Early versions of the bill could have resulted in the entire state being suspended from the NFIP. It should be noted that the decision to suspend a community or even an entire state is relegated exclusively to the Federal Emergency Management Administration (FEMA). Had that happened, flood insurance policies would have been canceled and/or not renewed. The lack of insurance would have placed collateral such as homes, trailer homes, etc. at risk of un-indemnified loss, creating a severe negative impact on financial institutions. Additionally, federal mortgage guarantees such as VA, FHA and SBA would no longer have been an option for properties located within the floodplain, and Oklahoma would no longer have been eligible for a variety of disaster assistance programs and hazard mitigation grants.

The Advocacy Team was able to amend the introduced version of the bill and delete the provisions of concern.

Arkansas

Oklahoma

Texas



HB 1268

House Authors: Representatives Dennis Casey, Ed Cannaday and Lee Denney
Senate Author: Senator John Ford

Bill Summary

Schools; adding an alternative method of demonstrating satisfactory knowledge of financial literacy for certain students.

Bill Details

The bill grants certain students who have an Individualized Education Program an alternative method of demonstrating satisfactory knowledge on the personal financial literacy education test by meeting a set of criteria. The bill also requires the State Department of Education to provide resources and materials designed to enable students identified as English language learners to understand and use the personal financial literacy information presented.

Effective Date

July 1, 2015

CU Action Needed

None

OPEN MEETING ACT



HB 1032

House Author: Representative Dan Kirby
Senate Author: Senator Brian Crain

Bill Summary

Definitions and general provisions; permitting certain individual to participate in executive session to discuss real property.

Bill Details

The Open Meeting Act generally limits attendance at an executive session for the purpose of discussing the purchase of appraisal or real property. These sessions are limited to members of the public body, the attorney for the public body, and the immediate staff of the public body.

The bill amends the Act to permit persons with an existing agreement to represent a public body to participate in an executive session for the purpose of discussing the purchase or appraisal of real property.

Effective Date

November 1, 2015

CU Action Needed

None

Arkansas

Oklahoma

Texas



SB 377

Senate Authors: Senators Dan Newberry and Anastasia Pittman
House Author: Representative Charles McCall

Bill Summary

Oklahoma Mortgage Secure and Fair Enforcement Licensing Act; loan servicing; loan originators.

Bill Details

The bill adds loan servicing and mortgage lending to the conditions of the Oklahoma Mortgage Secure and Fair Enforcement Licensing Act. The bill removes certain requirements for mortgage licensees regarding inactive status. The bill adds one hour of Oklahoma law and regulations instruction to the requirements for pre-licensing education.

The Act continues to exempt registered mortgage loan originators [“MLO”] acting for a credit union.

Effective Date

November 1, 2015

CU Action Needed

No action needed for credit unions employing in-house mortgage loan originators. However, MLO’s employed by CUSO are subject to the act and also must be licensed.

SUPERVISED LOANS



SB 382

Senate Author: Senator Dan Newberry

House Author: Representative Charles McCall

Bill Summary

Supervised lenders; loan finance charges; deleting maximum term of loan.

Bill Details

The bill deletes the 12-month maximum term of loan for supervised loans.

Effective Date

November 1, 2015

CU Action Needed

Credit unions need to update their lending policies on supervised loans to reflect the removal of the 12-month maximum term.

Arkansas

Oklahoma

Texas



HB 1614

House Authors: Representatives Katie Henke, Ben Sherrer and Tom Newell
Senate Author: Senator Jason Smalley

Bill Summary

Motor vehicles; enacting the Oklahoma Transportation Network Company Services Act; regulating transportation network companies, services and drivers.

Bill Details

The bill creates a new Oklahoma Transportation Network Company Services Act which regulates transportation network companies [“TNC”], services and drivers.

The bill prohibits transportation network companies (TNCs) or a TNC driver from being considered motor carriers of persons as defined in Title 47 of the Oklahoma Statutes, or considered to provide taxicab or for-hire vehicle services.

The bill places several operational requirements on TNCs. The bill prohibits a person from operating a TNC in Oklahoma without first having obtained a permit from the Corporation Commission and TNCs must maintain an agent for service of process in Oklahoma. TNCs are permitted to determine and charge a fare for the services provided to passengers. A TNC’s software application or website must display a picture of the TNC driver and the license plate number of the motor vehicle utilized for providing the TNC service before the passenger enters the TNC driver’s vehicle. TNCs must also transmit an electronic receipt to the passenger that includes a set list of information, and the receipt must be sent within a reasonable period of time following the trip.

The bill requires that TNCs implement certain driver-related policies, including a zero-tolerance policy on the use of drugs or alcohol while a TNC driver is providing TNC services, and a requirement that a notice of this policy and related procedures are available on the TNC’s website. Any motor vehicle or vehicles that a TNC driver will use to provide TNC services must also meet equipment standards as required of private motor vehicles under Title 47 of the Oklahoma Statutes.

Effective Date

July 1, 2015

CU Action Needed

Credit unions need to review policies and procedures in relation to loans secured by vehicles. Credit unions may want to communicate with members to learn how vehicles are being used in order to properly protect collateral.

TRANSPORTATION NETWORK COMPANIES



The bill requires that a TNC driver exclusively accept rides booked through a TNC's digital network or software application service. Drivers are prohibited from soliciting or accepting street hails, TNCs must adopt a policy prohibiting solicitation or acceptance of cash payments from passengers. It requires TNCs to adopt a policy of nondiscrimination on the basis of destination, race, color, national origin, religious belief or affiliation, sex, disability, age, sexual orientation, or gender with respect to passengers and potential passengers and notify TNC driver of such policy. Drivers must also accept service animals.

The bill requires that the TNC or driver, or both, maintain insurance that covers the driver while logged in to the network or engaged in a pre-arranged ride. The bill sets required insurance coverage amounts. Drivers must carry proof of insurance. Should the insurer for the TNC make payment for a claim, the payment must be issued directly to the business repairing the vehicle or jointly to the owner of the vehicle and the primary lienholder.

The bill requires TNCs to protect personally identifiable information.

The bill also exempts TNCs from political subdivision regulation and oversight.

Arkansas

Oklahoma

Texas

HB 1773

House Authors: Representatives Charles McCall and Todd Russ

Senate Authors: Senators Dan Newberry, Ron Sharp and Jon Sparks

Bill Summary

Uniform Commercial Code; amending sections relating to secured transactions.

Bill Details

Oklahoma is the last state to finally adopt the 2010 uniform revisions to Article 9, Uniform Commercial Code, regarding secured transactions. The bill closely mirrors the uniform language, with some minor drafting discrepancies and deviations.

One of the more significant items is the adoption of the Alternative A (“Only If”) option for sufficiency of individual debtor names. The enacted text provides that the only sufficient source of an individual debtor name is the person’s unexpired Oklahoma driver’s license, if the debtor has such a document. If the debtor lacks an unexpired OK license, then the secured party must use the second-tier safe harbor and provide the individual name of the debtor, or the surname and first personal name of the debtor.

The bill also modifies and adds definitions related to secure transactions under the Uniform Commercial Code. The bill establishes standards for determining control of electronic chattel paper and modifies how control is obtained. The bill modifies the composition of an advisory committee to the Legislature of Oklahoma and Governor from a four-person committee to a two-person committee, and removes the requirement that the members must be members of the Oklahoma Bar. The bill requires that the committee submit a written report annually to the Legislature and Governor. The bill also removes the requirement that the State of Oklahoma participate and support the work of the National Conference of Commissioners on Uniform State Laws.

Effective Date

November 1, 2015

CU Action Needed

Credit unions should update policies and procedures concerning secured loans and collections of secured loans. Staff needs to be trained on the changes to ensure that the credit union utilizes the proper name on the security instrument.

SB 376

Senate Author: Senator Dan Newberry

House Authors: Representatives Charles McCall and John Echols

Bill Summary

Consumer credit; authorizing municipalities and certain municipal public trusts to charge fees; permitting judicial review.

Bill Details

The bill applies the Uniform Consumer Credit Code to leases and loans entered between a resident of this state and a seller or lender via the Internet or other electronic means. The bill allows those aggrieved by an agency order of the Administrator of Consumer Credit to seek judicial review. The bill states the Consumer Credit Advisory Committee may advise the Commission of Consumer Credit regarding matters pertaining to the Department of Consumer Credit and provide recommendations.

Effective Date

November 1, 2015

CU Action Needed

Credit unions will need to modify any lending policies to ensure that any loans or leases via the internet or other electronic means are made in compliance with the Consumer Credit Code. Credit unions are not subject to the enforcement actions of the Administrator of Consumer Credit, but may face enforcement from the appropriate regulatory body.

Arkansas

Oklahoma

Texas

VEHICLE CERTIFICATE OF TITLE

SB 339

Senate Author: Senator Kyle Loveless
House Author: Representative Randy Grau

Bill Summary

Oklahoma Vehicle License and Registration Act; providing exception to certain requirement for notarization of title transfer.

Bill Details

The bill provides an exception to the requirement of a notarized signature on a certificate of title when there is a transfer of the ownership of a vehicle to an insurer resulting from the settlement of a total loss claim.

Effective Date

November 1, 2015

CU Action Needed

None

VEHICLE CERTIFICATE OF TITLE

SB 465

Senate Author: Senator Marty Quinn

House Author: Representative Pat Ownbey

Bill Summary

Motor vehicle certificates of title; lien release; providing for a penalty.

Bill Details

The bill increases the penalties that a credit union may be subject to for failure to timely release a vehicle title after satisfaction of the debt. Current law requires title release within seven business days. Failure to timely release obligates the secured party to pay \$100 to the debtor. The bill adds new language stating that a lienholder may be subject to additional penalties up to \$100 per day for each day release is late after the vehicle owner sends a written demand for release of the title.

As introduced, the bill would have permitted a letter of guarantee along with proof of payment by the insurance company to serve as satisfactory documentation to release a lien and allow the Oklahoma Tax Commission to issue a title to the insurance company on total loss vehicles. This could have created a scenario in which liens would be released before all conditions had been satisfied. Since the legislation was designed to address “bad actors”, none of which are Oklahoma credit unions, the Advocacy Team negotiated removal of this language in favor of increased penalties.

Effective Date

November 1, 2015

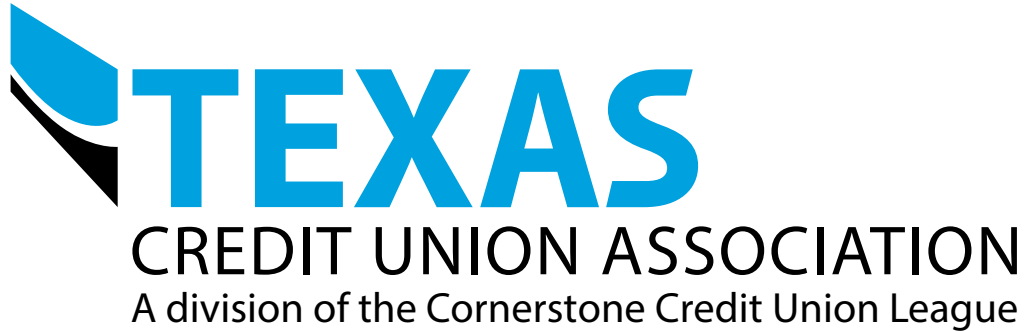
CU Action Needed

Credit unions must review policies and procedures regarding timely release of vehicle titles in order to ensure that they avoid the increased penalties for late release.

Arkansas

Oklahoma

Texas



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My Credit Union

Pamela Stephens

Texas Trust CU

Dr. Paul Withey

Members Choice CU

Erik Shaw

FivePoint CU

Arkansas

Oklahoma

Texas

STATE SUMMARY



The 84th Session of the Texas Legislature began on January 13 and adjourned sine die on June 1. The Houston Chapter of Credit Unions helped set the tone to start this session by organizing a group of chapter leaders and young professionals to attend the opening day in Austin. They received a briefing at the Texas Credit Union Association (TXCUA) offices, met with Credit Union Commissioner Harold Feeny and NCUA Regional Director Keith Morton, and visited the Houston area delegation of senators and representatives. Several other credit union leaders were also in Austin for opening day ceremonies from Corpus Christi and Monahans.

I would also like to express our appreciation to the dedicated volunteers serving on the Texas Governmental Affairs Subcommittee for all of their work reviewing legislation and proposed regulations, their insight on how these proposals will impact credit union operations, and recommendations to improve these proposals. Led by Chairman Wayne Mansur, the committee members are Gregg Bynum, John Lederer, Mark Massey, Lonnie Nicholson, Erik Shaw, Pamela Stephens, Kay Stewart, and Paul Withey.

Below is an executive summary of some of the major bills we worked on this session. Each of these issues will or could have had a significant impact on the operations of both state and federally chartered credit union operations in Texas. At the beginning of each section is the position the Texas Governmental Affairs Subcommittee and the Cornerstone Board established for each of these subjects.



*Jeff Huffman, President
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Supporting an Independent Credit Union Department with SDSI (Self-Directed, Semi-Independent) Status

The Sunset Commission staff issued a report in late 2014 that made recommendations relating to the SDSI program. TXCUA worked with Rep. Richard Raymond (D-Laredo) and the Sunset Commission to make several changes to the recommendations in the report that would have been problematic for credit unions, including one that would have swept funds from the agency to the state's general revenue fund.

The Sunset Commission staff was pushing for increased transparency and consistency relating to SDSI agencies



going forward and proposed legislation to make these changes.

HB 3123 by Rep. Four Price (R-Amarillo) would have moved the Sunset review for the Texas Credit Union Department (TCUD) from 2021 to 2019. An amendment by Rep. Larry Gonzales would have moved it to 2017. His goal was to have the TCUD's review date the same as several other financial agencies. However, moving the date would have been costly to credit unions, and the common review date would have made the agencies more vulnerable to changes by legislators. Thanks to the leadership of Reps. Dan Flynn (R-Van) and Nicole Collier (D-Fort Worth), the attempt to move up the TCUD Sunset date to 2017 was defeated on the House floor 135-1. The following day Rep. Flynn amended the bill to return the TCUD sunset date to 2021.

HB 2024 by Rep. Larry Gonzales would have moved provisions in the Finance Code that currently govern SDSI financial regulatory agencies to the Government Code. While it was represented by proponents of the bill that this change may not have substantially impacted the current operation of the TCUD SDSI authority, it is impossible to tell what issues the TCUD SDSI authority might face going forward if moved into the Government Code.

Both HB 2024 and its companion, SB 917, remained in the House State Affairs Committee, thanks to determined committee members who were receptive to the opposition by TXCUA and other financial services trade groups.

STATUS: Maintaining an independent TCUD with SDSI status was accomplished despite several efforts that would have had a negative impact on the agency and state-chartered credit unions.

Supporting Amendments to Address Credit Union Concerns with the Home Equity Lending Law

HJR 131 was filed by Rep. Richard Raymond (D-Laredo) at the request of TXCUA. It addressed the 3 percent cap on fees for home equity loans. Kelly Mitchell, president

and CEO of TEXAR FCU in Texarkana, testified for the bill in the hearing of the House Investments and Financial Services Committee. Although it did not pass, the committee and stakeholders recognized that it may be time to update the law and expressed interest in an interim study so that a legislative solution may be offered in 2017.

STATUS: Before the hearing on HJR 131, the home equity issue was not under consideration. Committee members and stakeholders indicated after the hearing a desire to work on changes that can be agreed upon to update and address issues like the 3 percent cap on fees prior to the next legislature.

SUPPORTING MEASURES TO FAVORABLY MODIFY DATA SECURITY

Two data security bills were filed at the request of TXCUA. HB 3478 by Rep. Gary Elkins (R-Houston) and HB 3537 by Rep. Yvonne Davis (D-Dallas) would have required merchants to disclose a data breach to the attorney general's office and send notice of the breach to affected financial institutions. Kyle Ashley, president of United San Antonio FCU, testified in support of both bills at the House Business and Industry Committee hearing.

STATUS: HB 3478 and HB 3537 did not pass due to strong opposition from retailers groups, business groups, and technology organizations but did advance the discussion about the data security issue and the need for merchants to do more to protect sensitive card data.

SUPPORTING LEGISLATION TO PROTECT LIENHOLDER INTERESTS

TXCUA worked with various financial services and auto dealer organizations during the session on bills impacting lienholder interests. The following are particularly significant.

Improved Notice by Possessory Lienholders

HB 2076 by Rep. René Oliveira (D-Brownsville) and Sen. Robert Nichols (R-Jacksonville) was supported by TXCUA. It provides a more effective and secure



notification process before a possessory lienholder can sell a motor vehicle, motorboat, vessel, or outboard motor. The lienholder cannot conduct the sale without filing the notice with the county, which in turn must give notice to the credit union.

An amendment was added in committee specifying that if the mechanic releases the vehicle or if payment is made by a third party to the mechanic, the possessory lien is extinguished.

The vehicle, boat, vessel, or motor cannot be sold without giving the credit union a chance to inspect the vehicle before the date of the authorized public sale. HB 2076 addresses a major issue that was being pushed by investor groups regarding the sale of a mechanics lien and the securitization and packaging of the loans as investments. The changes made by this bill should protect against those efforts moving forward in the courts.

Attempted Changes to Notice by Vehicle Storage Facilities (VSF)

TXCUA actively opposed HB 3131 by Rep. Senfronia Thompson (D-Houston). It would have changed the law applicable to vehicle storage facilities and affected notifications to lienholders of abandoned vehicles. The bill would also have amended the process of providing notice to lienholders and could have eliminated the second notice in some circumstances.

The bill would have allowed the storage facility to keep funds from a public sale to cover their costs but did not clearly define the costs that could be included, thereby decreasing funds remitted back to the lienholder. In addition, it permitted the storage facility to keep excess funds from a sale if the lienholder did not collect them within 90 days. Further, it would have authorized VSFs to sell vehicles they have been holding even though they may not have completed all of the procedures required by the existing statute.

After TXCUA testified against the bill in committee, the proponents attempted to move a substitute that was worse than the original bill. The substitute was blocked

from moving forward by TXCUA and other groups. As a result, in an attempt to salvage the bill, it was transferred to the Calendars Committee where we worked with Chairman Todd Hunter (R-Corpus Christi) to block the bill from moving to the floor for consideration. The bill died in the Calendars Committee.

Proposed Legislation Tax Lien Lenders

TXCUA supported HB 1936 by Rep. René Oliveira (D-Brownsville) and Sen. Brian Birdwell (R-Granbury), which would have required property owners to give advance notice to their lender if they intended to use a tax lien lender's services. The notice would have given the lender a period to pay the taxes on behalf of the borrower or employ alternatives that would protect the lender's priority position. Tax lien lenders assume the priority position of a government entity. The bill passed in the House with the support of TXCUA and numerous other groups but died in the Senate Business and Commerce Committee.

Improved Insurance Requirements for Transportation Network Companies (TNC) (Uber/Lyft)

HB 1733 by Rep. John Smithee (R-Amarillo) and Sen. Kirk Watson (D-Austin) improves liability coverage by the driver's personal automobile insurance from the time the driver logs onto the ride application until the end of the ride. The new law will greatly improve the protections for purchase money lienholders. TXCUA supported amendments adding protections for lienholders to the bill, including uninsured/underinsured coverage and a requirement that insurance claims made under an insurance policy that covers TNC activities is paid to the person that repairs the car, or jointly to the car owner and lienholder.

STATUS: TXCUA worked on several bills that passed and benefitted credit unions' lienholder status. They also helped defeat several bills negatively impacting CU lienholder status, as well as the measure to improve the law relating to tax lien lenders that passed in the House but failed to pass in the Senate.



SEEKING OPPORTUNITIES TO MITIGATE REGULATORY BURDENS ON CREDIT UNIONS

Credit Union Exemption in New POD Account Forms

SB 1791 by Sen. Rodney Ellis (D-Houston) and Rep. Jessica Farrar (D-Houston) adds requirements to the Estates Code on new account forms related to payable-on-death (POD) accounts. All financial institutions were included in the bill when originally filed, but TXCUA worked with Sen. Ellis and Rep. Farrar to add an exemption for both state and federal credit unions into the bill.

The Texas Bankers Association sent out an alert to their members about the CU exemption and to request they contact Texas House members to support an amendment by Rep. Travis Clardy (R-Nacogdoches) to strip the CU exemption from the bill and apply the new requirements for forms and disclosures on CU's as well as banks. Thanks to an excellent grassroots CU response, the third reading amendment was defeated 85-39. Once again, Rep. Dan Flynn (R-Van) led the opponents of the amendment who argued against the need for more regulation of credit unions.

STATUS: Favorably amended, reducing new requirements on credit unions.

SUPPORTING THE FRANCHISE TAX EXEMPTION FOR CREDIT UNIONS

STATUS: No proposed legislation affecting the franchise tax exemption for credit unions progressed through the legislative process during the 84th Session. There were numerous bills that would require tax exemptions to go through a sunset process, which would require the exemption be reviewed periodically and re-enacted or the exemption would be repealed. Also, there were numerous bills to completely or partially eliminate the franchise tax, raising other issues relating to the CU franchise tax exemption.

New Powers of Authority for Credit Unions

TXCUA worked with Rep. Eric Johnson (D-Dallas) and Sen. Royce West (D-Dallas) to add credit unions to HB 1626, which authorizes the Credit Union Commission and the Finance Commission to administer and monitor credit union or banking development district programs. The commissions will adopt the rules regarding the criteria for the designation of the districts, which allows local governments to work directly with a credit union to establish a CU branch in low-income areas and provide assistance to allow a branch that might not be an economic option on its own to be established in low-income areas.

The local government could provide low-cost public funds as deposits to a state or federal CU participating in a development district, along with other assistance negotiated between the CU and local government. Other possible incentives that local governments may provide to partner with credit unions in a development district could be tax abatements, zoning variances, and assistance with all aspects of setting up one of these development districts. It will be up to the credit union to negotiate the incentives that the local government might provide to create the credit union development district. The Credit Union and Finance Commissions must consider the location, number, and proximity of sites where services are available in the proposed district, the consumer needs for those services, the economic viability and local credit needs of the community, and the impact that additional services would have on the economic development in the proposed district. The commissions have up to 120 days to make a determination regarding whether to approve the application from a local government and credit union. A state or federal credit union would be able to participate in a credit union development district if they choose to; it is not mandated. The financial commissions are required to adopt rules governing the designation of credit union or banking development districts by January 1, 2016.

Rep. Eric Johnson (D-Dallas) also sponsored HB 1628, which would establish prize-linked savings accounts for CUs and banks. The bill was passed by the House and Senate, but on the final day for the governor to sign



bills, Gov. Abbott vetoed HB 1628 with the following veto message:

Pursuant to Article IV, Section 14, of the Texas Constitution, I, Greg Abbott, Governor of Texas, do hereby disapprove of and veto House Bill No. 1628 as passed by the Eighty-Fourth Texas Legislature, Regular Session, because of the following objections:

The Texas Constitution authorizes raffles to be conducted only for charitable purposes. When non-charitable businesses conduct drawings, they typically allow entry with “no purchase necessary,” which generally exempts the drawing from the constitutional restrictions on raffles or lotteries. House Bill 1628 authorizes banks and credit unions to conduct raffles in which raffle tickets are offered only in exchange for opening a savings account. Opening an account and paying any customary fees associated with the account amounts to consideration paid for the raffle ticket and places such a raffle squarely within the gambling prohibitions of the Texas Constitution and Penal Code. The bill would therefore require a conforming constitutional amendment in order to be effective. No such constitutional amendment was proposed by the Legislature.

Since the 84th Texas Legislature, Regular Session, by its adjournment has prevented the return of this bill, I am filing these objections in the office of the Secretary of State and giving notice thereof by this public proclamation according to the aforementioned constitutional provision.

Cornerstone Credit Union League SVP of Regulatory Affairs Suzanne Yashewski and her team, Nate Behncke and Barri Hamilton, did an outstanding job once again of reviewing more than six thousand bills filed during the session, analyzing them in-depth, and working with TXCUA lobbyists on drafting bills, amendments, other supporting documents, and the final report on the 84th Texas Legislative Session.

TXCUA Legislative and Regulatory Director Charlotte Spencer did an outstanding job in her first session in that position monitoring committees and legislation, developing briefing papers and testimony, and

collaborating with the Cornerstone Credit Union League communications team on nearly 75 Leaguer articles to keep Cornerstone members up to date on legislative issues as they developed.

Additionally, Charlotte worked on numerous grassroots alerts with the Cornerstone political and grassroots team led by SVP of Advocacy Jim Phelps and VP Political Affairs Gretchen Ziegler, with Political and Grassroots Director April Krause and Advocacy Administrative Assistant Valencia Moore. These actions ensured that credit unions prevailed on all of the bills contested on the House floor.

It was a very good session for Texas credit unions, thanks to many hard-working legislators who stepped up to support credit unions when we needed them. Engagement is critical to any legislative success, so we would also like to express our appreciation to credit unions for their terrific response to legislative alerts and for visiting Austin to meet with lawmakers during the TXCUA Governmental Affairs Conference and other times throughout the session. Following is a compendium of the major bills of interest to credit unions from the 84th Texas Legislature.

Respectfully,

Jeff Huffman, President
Texas Credit Union Association
jhuffman@cornerstoneleague.coop



SB 1020

Senate Author: Senator Brandon Creighton
House Sponsor: Representative Andrew Murr
Statute Affected: Estates Code

Bill Summary

Relating to the designation of the trustee of an express trust as a beneficiary of a trust account or P.O.D. payee of a P.O.D. account.

Bill Details

The bill clarifies that a trustee of an express trust can be named as a beneficiary to a trust account as well as a P.O.D. payee on a payable on death account.

Effective Date

September 1, 2015

CU Action Needed

Credit Union Staff assisting in opening accounts should be informed that such an account designation is permissible.

Arkansas

Oklahoma

Texas



SB 1791

Senate Author: Senator Rodney Ellis

House Sponsor: Representative Jessica Farrar

Statute Affected: Estates Code

Bill Summary

Relating to disclosures on selection or modification of an account by a customer of a financial institution.

Bill Details

Although the bill modifies disclosures and procedures for account opening, credit unions are exempted from the changes. Applicable to financial institutions other than credit unions, the bill requires financial institutions to obtain the customer's initials next to every paragraph of the model account card form. If the model form is modified, the financial institution must provide new disclosures and must notify the customer of the type of account selected.

Credit unions may continue to use existing account cards and procedures.

Effective Date

September 1, 2015

CU Action Needed

None



SB 860

Senate Author: Senator Kevin Eltife

House Sponsor: Representative René Oliveira

Statute Affected: Business Organizations Code

Bill Summary

Relating to corporations and fundamental business transactions.

Bill Details

The bill amends several sections of the Business Organizations Code[“BOC”] to reflect best-practices as it relates to for-profit and non-profit corporations.

The bill includes a new definition of owner liability in the BOC, and alters the current prohibition on mergers, conversion, and interest exchanges when the merger would result in a certain liability for an owner/member that did not consent to the change to a prohibition on when the change would result in the non-consenting member/owner becoming subject to owner liability.

The bill requires any limit on the term or duration of a shareholder’s agreement to be set forth in the agreement, and states that old agreements without a limit or duration will remain in effect for ten years from the effective date of the bill.

The bill clarifies details regarding certificated and uncertificated shares in a for-profit corporation, real estate investment trust, or professional corporation, including how those shares must be documented, and the ability for both kinds of shares to exist in the same class or series.

The bill also modifies several requirements that pertain to certificates of formation during the merger process, dissenter’s rights when merger plans are not subject to approval by shareholders, shareholder rights, additional proxy voting requirements, and remedies for the ratification of defective corporate acts or shares.

Regarding non-profit corporations specifically, the bill establishes that certain fundamental actions may be adopted or approved by a majority of the organizers or directors of the corporation, when there are no members or no member with voting rights and the corporation holds no assets and has not solicited any assets.

Effective Date

September 1, 2015

CU Action Needed

If the credit union owns a CUSO that operates as a for-profit corporation or non-profit corporation, it may need to update its procedures to reflect changes to owner liability, shareholder rights, merger procedures, proxy voting, and the ratification of defective corporate acts or shares.

Arkansas

Oklahoma

Texas



HB 2706

House Author: Representative John Wray

Senate Sponsor: Senator José Rodríguez

Statute Affected: Property Code

Bill Summary

Relating to the value of personal property exempt from seizure by creditors.

Bill Details

The bill raises the value of personal property exempt from seizure by creditors from \$60,000 to \$100,000 for a family and from \$30,000 to \$50,000 for an individual.

Effective Date

September 1, 2015

CU Action Needed

Credit unions who seek to garnish, attach, or seize personal property of debtors should note the new thresholds.



HB 2391

House Author: Representative Dwayne Bohac
Senate Sponsor: Senator Kirk Watson
Statute Affected: Business & Commerce Code

Bill Summary

Relating to the redemption of certain stored value cards, including gift cards, for cash.

Bill Details

The bill requires a seller to refund the balance of a card in cash at the consumer's request if the stored value card is redeemed in person to make a purchase and is left with a balance left of less than \$2.50.

This provision does not apply to a stored value card issued by a credit union if the credit union remains primarily liable for the card as the issuing principal.

Effective Date

September 1, 2015

CU Action Needed

No action needed for credit union issued stored value cards.

Arkansas

Oklahoma

Texas



SB 641

Senate Author: Senator Charles Schwertner
House Sponsor: Representative John Raney
Statute Affected: Business & Commerce Code

Bill Summary

Relating to debit card or stored value card surcharges

Bill Details

Current law prohibits a merchant from imposing a surcharge on a customer who uses a debit card or stored value card rather than a credit card, cash, or other methods of payment. However, current law lacks clarity and lacks an enforcement mechanism.

The bill amends current law by defining “surcharge” as an increase in the price charged to a person using a debit or stored value card that would not be imposed on a customer paying by other means. The term does not include a discounted price charged for paying in cash. The bill adds a civil penalty of \$500 for each penalty to be enforced by the attorney general or county prosecuting attorney for violating the current law prohibiting surcharges on debit card purchases.

Effective Date

September 1, 2015

CU Action Needed

None



HB 1626

House Author: Representative Eric Johnson

Senate Sponsor: Senator Royce West

Statute Affected: Finance Code

Bill Summary

Relating to the designation of certain areas as banking development districts to encourage the establishment of financial institution branches in those areas.

Bill Details

The bill establishes a program to create credit union development districts in areas needing additional access to financial services. The Credit Union Commission will administer and monitor such programs.

The local government (municipality or county) in conjunction with a credit union can submit an application for the designation. The credit union may apply to open a branch in the proposed district. The local government may also designate a credit union as the district depository.

Effective Date

September 1, 2015

CU Action Needed

No action needed, unless a credit union wishes to participate in the program. If so, the credit union would work with the local government to submit applicable paperwork. After approval, the credit union will be able to open a local branch and serve the community.

Arkansas

Oklahoma

Texas



HB 3987

House Author: Representative Marsha Farney

Senate Sponsor: Senator Sylvia Garcia

Statute Affected: Education Code

Bill Summary

Relating to programs in public schools designated to facilitate planning and saving for higher education and facilitate personal financial literacy instruction.

Bill Details

The bill permits a school district or charter school to establish a school-based savings program and to partner with credit unions to offer accounts for general savings or for savings dedicated to higher education. Funds in such accounts will be excluded from the determination of assets in consideration of various governmental benefits.

Effective Date

June 20, 2015

CU Action Needed

Credit unions may want to explore opportunities to partner with schools.



HB 2063

House Author: Representative René Oliveira

Senate Sponsor: Senator Judith Zaffirini

Statute Affected: Property Code

Bill Summary

Relating to the recording and effective date of certain paper documents relating to non-judicial foreclosure sales.

Bill Details

The bill clarifies that certain paper documents related to non-judicial foreclosure sales shall be recorded and may serve as notice of the paper document for recording purposes.

Qualifying documents include:

- An instrument appointing or authorizing a trustee or substitute trustee to exercise the power of sale in a security instrument
- A notice of sale
- A notice of default
- Documentation from the U.S. Department of Defense indicating that a debtor was not on active duty military service on the date of a foreclosure sale
- A statement of facts
- Proof of service of the mailing of any notice related to a foreclosure

The bill also clarifies the effective date of the appointment of a trustee.

Effective Date

September 1, 2015

CU Action Needed

Credit unions dealing with foreclosures should work with legal counsel to ensure that documentation is properly recorded.

Arkansas

Oklahoma

Texas



HB 2066

House Author: Representative René Oliveira

Senate Sponsor: Senator Kirk Watson

Statute Affected: Property Code

Bill Summary

Relating to the rescission of non-judicial foreclosure sales.

Bill Details

The bill sets out a process for rescission of a non-judicial foreclosure. A rescission cannot take place more than 15 days after the date of the foreclosure sale.

Permissible reasons for rescission include:

- Statutory requirements for sale were not met
- Default was cured before the sale
- Receivership or dependent probate administration was pending at the time of sale
- A condition of the sale made in writing to prospective bidders was not met
- Creditor and debtor agreed before the sale to cancel the sale based on a written agreement to cure the default
- At the time of the sale, a bankruptcy automatic stay was in place.

Written notice of the rescission describing the reason and including recording information must be served on the purchaser and each debtor, and must be filed in the county where the property is located. Notice must be sent certified mail. Within five days of the rescission, the mortgagee shall return to the purchaser the amount paid for the property at the sale and must record an affidavit noting the return of the sale money.

A rescission of a foreclosure sale restores the mortgagee and the debtor to their respective title, rights, and obligations.

The bill permits rescission of a sale by agreement of the affected parties on other terms.

Effective Date

September 1, 2015

CU Action Needed

Credit unions should work with local counsel to deal with a rescission of a foreclosure sale.



HB 831

House Author: Representative Helen Giddings

Senate Sponsor: Senator Royce West

Statute Affected: Finance Code

Bill Summary

Relating to disclosure of home mortgage information to a surviving spouse.

Bill Details

The bill requires a mortgage servicer to provide a surviving spouse with mortgage-related information within 30 days of a request by the surviving spouse. The spouse must provide a death certificate, an affidavit of disinterested witnesses stating that the surviving spouse was married to the mortgagor at the time of the mortgagor's death, and an affidavit signed by the surviving spouse stating that the surviving spouse is currently residing in the underlying mortgaged property as the primary residence. The bill amends a section of the Finance Code that does not apply to credit unions.

Effective Date

September 1, 2015

CU Action Needed

None

Arkansas

Oklahoma

Texas



SB 1339

House Author: Representative Charles Perry

Senate Sponsor: Senator Kyle Kacal

Statute Affected: Property Code

Bill Summary

Relating to the perfection and priority of an agricultural lien on an agricultural crop.

Bill Details

The bill creates an automatically attaching, perfected agricultural lien for an agricultural crop effective on the date of delivery to the contract purchaser. The lien lasts for 90 days and can be extended upon the filing of a financing statement. The bill will give farmers a superior security interest to that of a creditor of a warehouse or processor.

Effective Date

September 1, 2015

CU Action Needed

Credit unions who retain liens on warehouses that store crops may lose priority on those crops as collateral to a farmer who supplied the crop. Credit unions should update procedures to ensure that they do not improperly seize collateral in such a case.



HB 483

House Author: Representative Giovanni Capriglione

Senate Sponsor: Senator Lois Kolkhorst

Statute Affected: Government Code

Bill Summary

Relating to the establishment and administration of a state bullion depository.

Bill Details

The bill creates the Texas Bullion Depository, established as a state agency under the Comptroller of Public Accounts for the purpose of storing and administering precious metals for government agencies, investors, and the general public. The Depository will act as custodian for deposited metals, with rules on administration, fees, service charges, and penalties to be established by the state comptroller.

Precious metals are defined as a metal that bears a high value-to-weight ratio relative to common industrial metals (such as gold, silver, platinum, palladium, and rhodium), and that are customarily formed into bullion or specie.

In order to use the Depository, depositors must first contract with the Depository for an account. Accounts are non-interest bearing and are payable on demand to the account holder. The Depository retains a lien on any deposits to secure any fees, charges, or other obligations owed to the Depository in connection with an account holder's account.

Deposits held at the Depository cannot be subject to seizure by order of any governmental or quasi-governmental agency outside Texas, or by a financial institution acting on behalf of one of these agencies.

Persons with a valid license may act as a depository agent, and provide precious metal services on behalf of persons wishing to transact with Depository. Certain entities, including credit unions, are not required to obtain a license to perform agent services.

Credit unions, and other entities, are also authorized to place precious metals in the Depository as a legal investment.

Effective Date

September 1, 2015

CU Action Needed

Credit unions that choose to offer depository agent services will need to establish controls that may include courier services, third party relationships to allow members to purchase precious metals, deposit guidelines, and training for staff. Credit unions that choose to invest in precious metals as a legal investment will need to establish safety and soundness guidelines for how investments will be made, and to what extent assets of the credit union will be used for this purpose.

Arkansas

Oklahoma

Texas



SB 1265

House Author: Representative Gene Wu
Senate Sponsor: Senator Kevin Eltife
Statute Affected: Business & Commerce Code

Bill Summary

Relating to a deceptive act or practice involving a solicitation in connection with a good or service or involving the production, sale, distribution, or promotion of certain synthetic substances.

Bill Details

The bill amends the Deceptive Trade Practices Act [“DTPA”] by adding provisions prohibiting additional conduct that could deceive consumers.

First, a person may not deliver a solicitation in connection with a good or service that purports to be from a governmental agency when it is not from a governmental agency.

Communications may not resemble a government notice or form that implies a criminal penalty may be imposed if the recipient does not pay.

Additionally, one may not deliver a solicitation in connection with a good or service that resembles a check or other negotiable instrument or invoice unless the portion that resembles the check includes a conspicuous notice in at least 18 point font stating that the specimen is non-negotiable.

The bill also adds provisions addressing the production or sale of synthetic substances.

Finally, the bill adds restrictions on solicitations by insurance adjusters.

Effective Date

September 1, 2015

CU Action Needed

Credit unions should review policies and procedures to ensure that they do not run afoul of the DTPA, violations of which may result in hefty penalties. Credit union marketing departments should review materials to determine if any materials resemble a check or invoice which would necessitate the required disclosure. Marketing materials should also be reviewed to ensure they do not appear to be from a governmental agency.



HB 2076

House Author: Representative René Oliveira

Senate Sponsor: Senator Robert Nichols

Statute Affected: Property Code

Bill Summary

Relating to notice requirements and other procedures relating to the possession or sale of a motor vehicle, motorboat, vessel, or outboard motor by a possessory lienholder.

Bill Details

The bill clarifies that a workman's lien is released when the worker receives payment or relinquishes possession. The bill prohibits a worker from assigning its possessory right to a third party for payment of the charges due.

The bill amends the law to state that the worker may sell a vehicle if incurred charges are not paid before the 31st day after the date the notice is filed with the county tax assessor's office. This should protect owners in situations where unscrupulous workers have failed to send the required notice to the owner. The bill requires that the worker permit the owner or credit union with a lien to inspect the property before it can be sold at a public sale.

Effective Date

June 19, 2015

CU Action Needed

Credit unions should update policies and procedures concerning collateral that may be under a workman's or garageman's lien.

Arkansas

Oklahoma

Texas



SB 699

Senate Author: Senator Kevin Eltife

House Sponsor: Representative John Kuempel

Statute Affected: Occupations Code

Bill Summary

Relating to the Texas Real Estate Commission and the regulation of certain real estate professionals.

Bill Details

The bill updates portions of the Real Estate License Act, which sets out the requirements for a person to be licensed and trained as a mortgage loan broker.

The bill revises several aspects of the Act as it applies to brokers. These changes include replacing all references of “salesperson” to “sales agent” in the Act, defining a “sales agent” as a person that is sponsored by a licensed broker for the purpose of performing acts under the Act. The definition of a real estate brokerage is also changed to define what activities are and are not considered broker activities. Several of the education requirements for sales agents are also altered by the bill, changing some minimum required hours, and redefining required training courses as “qualifying” rather than as “core” courses.

The bill also changes the composition of the executive committee of the Texas Real Estate Commission (TREC), raises fees for a broker license, gives the TREC latitude regarding issuance and renewal requirements for a license, requires the TREC to adhere to certain notification deadlines for persons that fail to pass an examination for a broker or sales agent license, adds requirements for aggrieved persons to claim against a broker’s trust account, and expands TREC authority to suspend or revoke a license.

Effective Date

September 1, 2015

CU Action Needed

No action necessary unless the credit union owns a CUSO with employees acting as a mortgage broker that must be licensed under the Act.



SB 1902

Senate Author: Senator Charles Perry
House Sponsor: Representative Abel Herrero
Statute Affected: Government Code

Bill Summary

Relating to an order of nondisclosure of certain criminal history record information.

Bill Details

The bill expands the list of offenses for, and under what conditions criminal defendants may be eligible to receive an order of nondisclosure for criminal history information. This expansion is intended to assist criminal offenders of low-level, nonviolent crimes so that future criminal background searches do not impair their ability to function in society. The bill preserves an exception in the current code that allows a financial institution to request criminal history information sealed by an order of nondisclosure when the request is in connection with an employment application.

Effective Date

September 1, 2015

CU Action Needed

No action necessary. Credit unions may want to exercise their right to unseal criminal information related to employment applications.

Arkansas

Oklahoma

Texas

HB 910

House Author: Representative Larry Phillips

Senate Sponsor: Representative Craig Estes

Statute Affected: Government Code, Penal Code, Alcoholic Beverage Code, Code of Criminal Procedure, Education Code, Family Code, Labor Code, Local Government Code, Occupations Code

Bill Summary

Relating to the authority of a person who is licensed to carry a handgun to openly carry a holstered handgun.

Bill Details

The bill generally permits licensed handgun owners to openly carry a handgun in a shoulder or belt holster. Exceptions to this rule include:

- In establishments that primarily serve or sell alcohol
- On the grounds of an institute of higher learning
- On the premises where a high school, collegiate, or professional sporting event is taking place unless the gun is being used in the event
- On the grounds of a correctional facility; on the premises of a hospital
- In an amusement park
- On the premises of a place of religious worship
- While the person is intoxicated

Businesses may prohibit persons from openly carrying a handgun on their property by providing notice that entry while openly carrying a handgun is forbidden. This notice can be provided by either written or oral communication. In order to fulfill the requirements for a written notice, the communication must be in the form of a card, document, or sign on the property, and state:

“Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly.”

Effective Date

January 1, 2016

CU Action Needed

Credit unions that wish to prohibit the open carry of firearms will need to provide written or oral notice to members, or post written signs with the required language.

This sign is in addition to any sign that currently prohibits concealed handguns that may currently be in place.

Credit unions that allow the open carry of firearms on their property should train staff on how to properly handle members that exercise open handgun rights, and make this part of mandatory robbery training.

OPEN CARRY OF HANDGUNS

This sign must be in both English and Spanish, appear in contrasting colors with block letters at least one inch (1") in height, and displayed in a conspicuous manner clearly visible at each entrance to the property. This sign is an additional sign to the one required to prohibit concealed handguns on the property.

The bill also cleans up existing references to concealed handgun statutes, replacing these with simply "handgun" to reflect open carry rights. Law enforcement may request that persons openly carrying a handgun produce a license to openly carry.

As a reminder, businesses may not prohibit the storage of firearms or ammunition by employees with a handgun license within a private parking lot, parking area, or garage.

Arkansas

Oklahoma

Texas

PATENT INFRINGEMENT

SB 1457

Senate Author: Senator Robert Nichols

House Sponsor: Representative Travis Clardy

Statute Affected: Business & Commerce Code

Bill Summary

Relating to bad faith claims of patent infringement.

Bill Details

The bill adds a new Subchapter L, to Chapter 17 of the Business & Commerce Code, entitled “Bad Faith Claims of Patent Infringement”.

The bill prohibits a person from sending a bad faith claim of patent infringement and defines a bad faith claim as:

- Communications that falsely state that the sender has filed a lawsuit
- Baseless claims
- Communications likely to materially mislead the reader

The attorney general may bring action on behalf of the state and may request an injunction as well as civil penalties up to \$50,000 per violation. The bill does not create a private cause of action.

Effective Date

September 1, 2015

CU Action Needed

Credit unions that receive patent infringement notices should contact local counsel and consider contacting the attorney general's office.

HB 705

House Author: Representative Jessica Farrar

Senate Sponsor: Senator Rodney Ellis

Statute Affected: Estates Code

Bill Summary

Relating to access to a financial institution account of a person who dies intestate.

Bill Details

The bill permits an interested person (including heirs and creditors) to petition the court requiring a financial institution to release information concerning the balance of each account that is maintained by deceased account owner. The court order may be sought 90 days after the death of the account owner if no petition has been made for an estate representative and no letters testamentary or of administration have been granted.

Effective Date

September 1, 2015

CU Action Needed

Credit unions should be prepared to respond to such court orders by providing the described information to the person named in the order.

Arkansas

Oklahoma

Texas

HB 1438

House Author: Representative Senfronia Thompson

Senate Sponsor: Senator Judith Zaffirini

Statute Affected: Estates Code, Finance Code

Bill Summary

Relating to guardianships and other matters related to incapacitated persons.

Bill Details

The bill clarifies several aspects of the Estates Code as it applies to guardianship orders, including requirements relating to delivery of bond information by a guardian to the court, bond requirements during a transfer of guardianship, a clear definition of who is a third-degree relative, and amendments to several procedural requirements in appointing a guardian.

Two sections of the bill directly reference financial institutions. The first requires the court to provide written notice to a ward or proposed ward within five days after the court requests customer financial information during an investigation into the need for a guardianship, or a complaint regarding an existing guardianship. The other change adds an exception to the special discovery rules that apply to financial institutions when a financial institution is served with an information request. These rules normally require that a financial institution have twenty-four (24) days to respond to a compelled discovery request for records, requires a copy of the order to be delivered to the affected customer, and requires an unaffiliated third-party to provide consent before the third-party's records can be released. The change excludes court-ordered, guardianship-related requests from these requirements in certain instances.

Effective Date

September 1, 2015

CU Action Needed

Credit unions will need to make sure that guardianship-related requests for information are delivered in a timely fashion. Staff should be trained to recognize that these requests are not subject to the same protections as other compelled discovery requests.

HB 2428

House Author: Representative John Wray

Senate Sponsor: Senator José Rodríguez

Statute Affected: Property Code, Estates Code

Bill Summary

Relating to the adoption of the Texas Uniform Disclaimer of Property Interests Act.

Bill Details

The bill adds Chapter 240 to the Property Code, known as the Texas Uniform Disclaimer of Property Interest Act (UDPIA). The section creates a single reference chapter for all statutes to refer to when dealing with disclaimers. Disclaimers permit a person to refuse a gift or inheritance by formally declaring their intent to do so, which may provide a tax benefit or other advantage. Disclaimers are not a new provision, and previously existed in both the Estates Code and Business and Commerce Code. The bill changes all previous references within the Texas Estates Code and Property code pertaining to disclaimers to reference the new section.

Versions of the UDPIA have been adopted in 17 states, and it provides clarity and protection to persons that are the recipients of property through inheritance, devise, or gift. The bill does not substantially alter the disclaimer process, but changes a few minor details.

The bill includes a provision that allows the delivery of a disclaimer by any method likely to result in the disclaimer's receipt. If a request is sent by certified mail, it is now considered to be received as of the date of mailing.

The UDPIA also clarifies an unclear provision in the current law, and now allows a trustee to disclaim on behalf of a trust. In order for a trustee to disclaim a gift, the trustee must give 30 days' notice to any beneficiaries, or in lieu of notice, obtain court approval.

The UDPIA also provides that no fiduciary may disclaim property intended for a recipient without court approval.

Effective Date

September 1, 2015

CU Action Needed

Credit unions will need to refer to the UDPIA if a person formally disclaims the right to proceeds from a trust as a beneficiary, rights in a survivorship account as a surviving accountholder, or entitlement to assets as a payable on death beneficiary. Any reference to the old laws will need to be updated in the credit union's policies to refer to the new section. Procedures will also need to be in place to ensure that disclaimed property is routed to the correct recipient on the above account, and a determination of ownership may require a legal review of a disclaimer document.

Arkansas

Oklahoma

Texas

SB 462

Senate Author: Senator Joan Huffman

House Sponsor: Representative Jessica Farrar

Statute Affected: Estates Code

Bill Summary

Relating to authorizing a revocable deed that transfers real property at the transferor's death.

Bill Details

The bill creates a method for persons to transfer real property upon death outside the probate process by creating a "transfer-on-death" deed. This kind of deed arrangement can be set up by joint owners with rights of survivorship, meaning that the property will not pass to beneficiaries until the death of the last surviving joint owner.

A transfer on death deed remains revocable during the life of the owner(s). A will may not revoke or supersede a transfer on death deed. During the life of the owner, no rights are transferred to the beneficiary. If the beneficiary survives the owner by 120 hours, the interest in the real property is transferred according to the deed. The bill also allows a living person to retain a life estate as part of transfer. A transfer on death deed may not be created through the use of a power of attorney.

The transfer on death property would remain subject to liens and encumbrances.

Effective Date

September 1, 2015

CU Action Needed

Credit unions will need to update policies and procedures to deal with transfer-on-death deeds. Although liens and encumbrances survive the transfer, the collections department will need to amend their normal processes.



HB 1454

House Author: Representative John Raney

Senate Sponsor: Senator Kevin Eltife

Statute Affected: Property Code

Bill Summary

Relating to notice, reporting, and records requirements for holders of certain personal property that is or may be presumed abandoned.

Bill Details

The bill permits a depositor of an account or an owner of a safe deposit box to designate a representative to receive abandoned property notices for that safe deposit box. If the owner chooses to name a representative, the credit union is required to send the required notice for abandoned property to that representative in addition to the account owner. The representative may then communicate to the credit union to keep the property in “active” status to avoid escheatment to the State of Texas. The bill provides for the naming of a representative in relation to mutual funds as well.

Effective Date

September 1, 2017

CU Action Needed

Credit unions should update account opening policies and procedures to permit for the naming of an account representative. Credit unions will also need to update policies and procedures on reporting of unclaimed property.

Arkansas

Oklahoma

Texas

SB 995

Senate Author: Senator José Rodríguez

House Sponsor: Representative John Wray

Statute Affected: Estates Code

Bill Summary

Relating to decedents' estates.

Bill Details

The bill makes several changes to the Estates Code regarding the distribution of estate property, intestate succession, and wills.

The bill amends the definition of a payable-on-death (POD) account to include accounts designated as a transfer-on-death (TOD) account. Furthermore, the bill permits a person serving as the guardian of the estate for an account owner to designate beneficiaries on such an account. Additionally, the bill permits an agent serving under a power of attorney for the account owner to designate beneficiaries on such an account.

The bill also changes the rights of former spouses and relatives of former spouses of deceased persons. If at any time after a testator makes a will, that testator's marriage is dissolved, any former spouse or relative of the former spouse that is not a relative of the testator would be unable to claim any devise made to them made in that person's will, and is instead treated as if the spouse or relative of the spouse failed to survive that testator's death. This would not apply in cases where there is a court order, an express provision in a will, or a clause in a statement of division of a marital estate, that provides for a different distribution.

Following the dissolution of a marriage, former spouses and relatives of former spouses would also be unable to claim property granted to them through POD designation at a financial institution, or to an irrevocable trust where the spouse or former spouse was designated as beneficiary or trustee. That property would instead pass to the estate or any other qualified beneficiary as if the spouse or former spouse failed to survive

Effective Date

September 1, 2015

CU Action Needed

Credit unions should be prepared to handle requests to add or amend POD beneficiaries upon request of a power of attorney agent or a person with a financial guardianship over the account owner.

Credit unions need to educate members at account opening that a divorce or annulment could potentially nullify the interests of a person named as a payable-on-death beneficiary, and also ask for the specific relationship that the POD beneficiary has to the member to ensure the proper action can be taken if necessary. Also, when a notice of divorce or annulment is received by the credit union, the credit union should review account agreements and contact the account owner to amend beneficiaries should those originally designated be invalidated due to divorce or annulment.

PROBATE/ESTATE ISSUES

the account holder. This would not apply when the designation was made after the marriage was dissolved, or as part of a court order.

A financial institution would be liable to an interested party for paying to a former spouse or relative of a former spouse, if the institution paid after receipt of a notice from an interested party, that the POD designation was no longer effective.

The law also states that no right of inheritance (maternally or paternally) exists for any person that is not born before, or in gestation at the time of the deceased person's death, and survives for at least 120 hours after that time of death. Persons are presumed to be in gestation if the person is born before the 301st day after the date of the decedent's death.

The law also allows the will of a person not domiciled in Texas at the time of death, to have the will probated in Texas as long as the will was properly executed in the place where the will was created, or the state and law of the place where the decedent lived. An executor listed in a will from a state outside Texas, or in another country, is also entitled to receive letters testamentary over Texas held-property, if after four years from the decedent's death the executor continues to serve in that executor capacity in the foreign jurisdiction where the will was previously admitted to probate.

In the event that the credit union receives a notice from an interested party that a POD designation is no longer effective due to divorce or annulment, the credit union needs to have procedures in place that remove former spouses or former relatives of spouses not related to the member from the account.

Arkansas

Oklahoma

Texas



HB 2394

House Author: Representative Drew Darby

Senate Sponsor: Senator Brandon Creighton

Statute Affected: Finance Code

Bill Summary

Relating to the compelled production of customer records by a financial institution.

Bill Details

The bill amends the Finance Code to clarify that a court cannot order a financial institution to produce records if the requesting party has not paid the related costs or posted a cost bond.

Effective Date

September 1, 2015

CU Action Needed

Credit unions should update procedures to ensure that they receive payment owed prior to production of documents for requests made under Chapter 59 of the Finance Code, Discover of Customer Records.



HB 3123

House Author: Representative Four Price

Senate Sponsor: Senator Jane Nelson

Statute Affected: Various

Bill Summary

Relating to governmental entities subject to the sunset review process.

Bill Details

The bill as finally passed does not have any effect on the sunset process for the Credit Union Department. Instead, the bill adjusts sunset review timing for various other agencies. The TXCUA worked diligently to ensure removal of the proposed provision that would have accelerated sunset review of the Credit Union Department.

Effective Date

September 1, 2015

CU Action Needed

None

Arkansas

Oklahoma

Texas



HB 1733

House Author: Representative John Smithee

Senate Sponsor: Senator Kirk Watson

Statute Affected: Insurance Code

Bill Summary

Relating to automobile liability insurance for transportation network company [“TNC”] drivers.

Bill Details

The bill amends the Insurance Code to better deal with new developments in relation to companies such as Uber and Lyft. One concern credit unions raised was whether or not vehicles serving as collateral for loans were properly insured at all times.

The bill requires that any vehicle used as a TNC vehicle be properly insured pursuant to the requirements of the chapter at all times, including when the driver is logged on to the network as well as when the driver is engaged in a prearranged ride. The requirements may be satisfied by the insurance of the driver, the TNC or a combination of both.

The bill clarifies the minimum requirements for insurance when the driver is logged in to the network between prearranged rides and during prearranged rides. The bill requires a TNC to provide disclosures to drivers regarding insurance coverage.

The bill permits an insurer to exclude coverage for personal vehicle losses that occur while the driver is logged into the TNC network or engaged in a prearranged ride under a personal automobile insurance policy. In relation, the bill provides the insurer defenses to claims made under a personal vehicle policy that occur while the vehicle is used during TNC activities.

If there is a lien on a personal vehicle and the TNC’s insurer covers the claim, the insurer shall issue payment directly to the person repairing the vehicle or jointly to the owner and the primary lienholder.

Effective Date

January 1, 2016

CU Action Needed

Credit unions need to review policies and procedures in relation to loans secured by vehicles. Credit unions may want to communicate with members to learn how vehicles are being used in order to properly protect collateral.

VEHICLE STORAGE FACILITIES

HB 804

House Author: Representative Charlie Geren

Senate Sponsor: Senator Kel Seliger

Statute Affected: Occupations Code

Bill Summary

Relating to the forms of payment that the operator of a vehicle storage facility must accept.

Bill Details

The bill amends the law to clarify that a vehicle storage facility ["VSF"] may not refuse certain forms of payment. The law now specifically requires a VSF to accept cash, a debit card or a credit card for any fee or charge associated with delivery or storage of a vehicle, and must post a sign stating so. The amended law should correct the problem where some VSFs would prevent individuals from paying in a timely manner in order to keep the vehicles longer and increase storage fees.

Effective Date

September 1, 2015

CU Action Needed

None

Arkansas

Oklahoma

Texas



HB 1933

House Author: Representative Drew Darby
Senate Sponsor: Senator Juan “Chuy” Hinojosa
Statute Affected: Tax Code

Bill Summary

Relating to installment payments of ad valorem taxes.

Bill Details

In the 2013 Legislative Session, HB 1597 passed in an effort to decrease the demand for property tax loans by providing more options for installment agreements with counties. That bill made changes to the process to benefit the tax payer such as eliminating large penalties.

HB 1933 now further clarifies tax installment plans. The bill clarifies when each installment payment is due.

For delinquent payments, the bill changes the word “amount” to “installment” in order to follow the intent of the legislation. Each delinquent “installment” is subject to penalty and interest, not the entire outstanding amount. This change is needed to close a loophole in existing law that potentially precludes some property owners from paying their property taxes in installments, while simultaneously establishing consistency among all taxpayers regarding when each installment is due. This change also reduces the potential amount of penalty and interest a property owner would pay.

The bill requires that a property owner have a residence homestead exemption to qualify for the mandatory installment agreement and provides that the minimum term of 12 months only applies to installment plans for residence homestead properties. This change provides flexibility to property owners and tax assessor-collectors to negotiate shorter term installment agreements (less than 12 months) on non-residence homestead property.

The bill provides that monthly installment payments are not required to be equal. This change provides flexibility to property

Effective Date

September 1, 2015

CU Action Needed

Credit unions may want to review policies and procedures in handling members who may be delinquent on property taxes in an effort to provide assistance directly in order to avoid losing lien priority to a governmental entity or a third party property tax lender.



owners and tax assessor-collectors to structure payments that balance the needs of property owners and the taxing units.

The bill requires the collector for the taxing unit to deliver a notice of default not only to the owner, but also to any other owner of an interest in the property subject to the agreement whose name appears on the delinquent tax roll.

Arkansas

Oklahoma

Texas

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