

CORNERSTONE UPDATE, JULY 2017

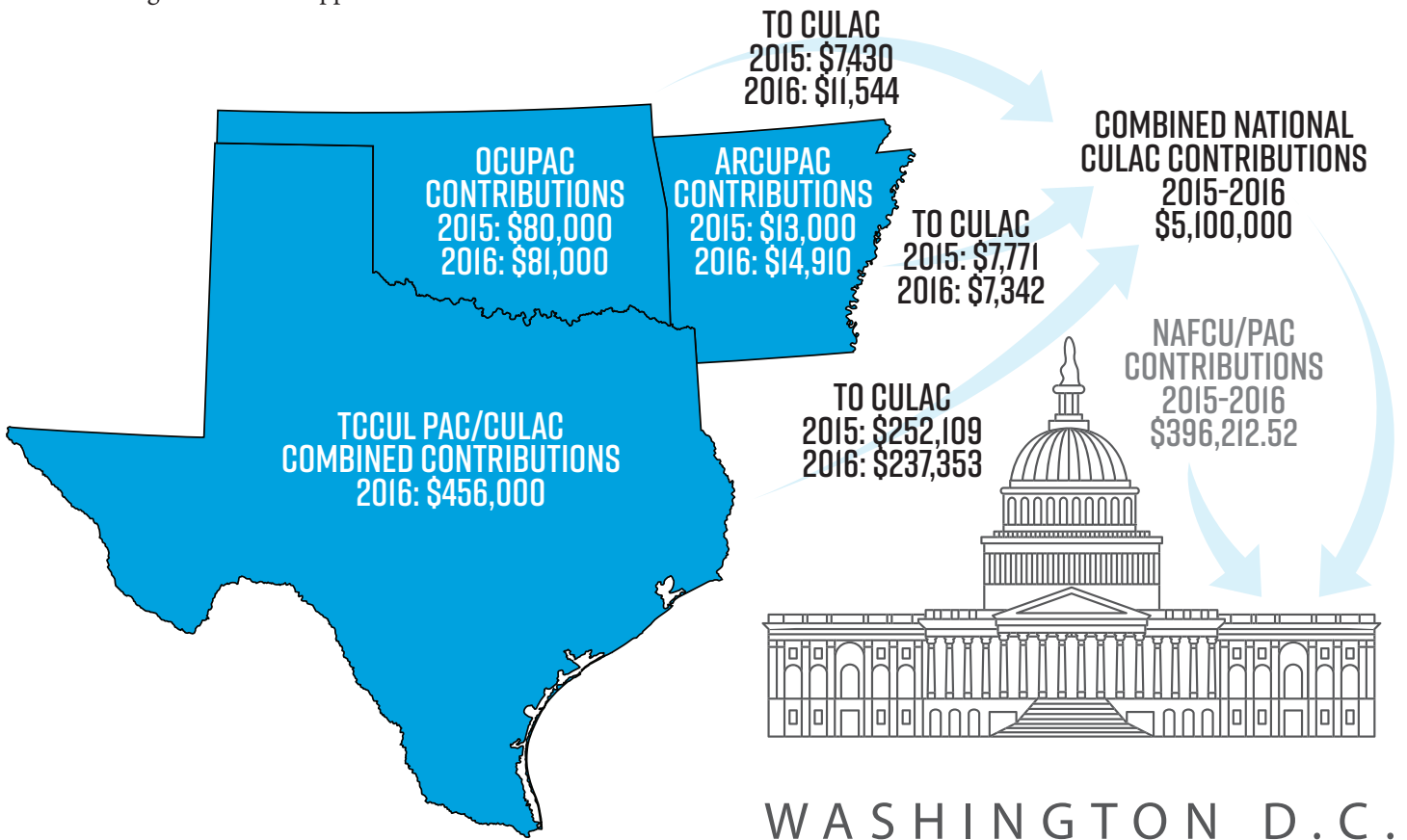
The 2017 state legislative sessions were very successful for Cornerstone credit unions. During legislative sessions, success is often defined not only by the bills passed, but also the many bills defeated or favorably amended. Nearly 11,000 bills were filed across the three state legislatures. Thanks to the excellent work of the Cornerstone staff the thousands of credit union advocates who work or volunteer at a member credit union, two-thirds of Cornerstone's 2017 state legislative goals were achieved.



THE CORNERSTONE REGION ACCOUNTED FOR NEARLY 10 PERCENT OF CULAC'S TOTAL CONTRIBUTIONS IN THE 2015-2016 TWO-YEAR CYCLE.

In one year alone, Texas credit unions contributed more to TCCUL PAC to support credit union-friendly candidates and legislators than was raised by NAFCU during both 2015 and 2016.

CULAC is one of the largest and most bi-partisan PACs in the country, offering support to candidates and legislators who support the future of credit unions.



WASHINGTON D.C.

CORNERSTONE'S LEGISLATIVE AND POLITICAL ADVOCACY EFFORTS RESULT IN TWO CONSTITUTIONAL AMENDMENTS ON NOVEMBER BALLOT

In Texas, there will be two constitutional amendments on the ballot in November that are beneficial to credit unions. If adopted by the voters, credit unions will be specifically referenced twice in Texas core law.

- » The first amendment updates the **HOME EQUITY LENDING LAW**, discussions about which were prodded by Cornerstone as a result of needing to update those laws. The bill addresses problems with the 3 percent fee cap on home equity loans and reclassifies third-party expenses such as appraisals, surveys,

title policies, or title reports that are required to make the loan so they are not included in the 3 percent fee cap calculation; the 3 percent fee cap will be reduced to a 2 percent fee cap to protect consumers from additional expense. The bill also increases the loan-to-value (LTV) ratio from 50 percent to 80 percent on new advances for home equity lines of credit, making it consistent with the closed-end loan LTV ratio; repeals the prohibition against allowing agricultural homesteads to have access to home equity loans;

- and allows refinancing of home equity loans that are at least one year old. They could be refinanced into a conventional loan, providing borrowers additional options and access to lower-rate products, rather than being limited to only refinancing into a home equity loan.
- » The other amendment on the November ballot will allow credit unions to offer **PRIZE-LINKED SAVINGS ACCOUNTS**, giving members the chance to receive prizes for adding to their savings accounts.

SB 714 PASSES WITH CREDIT UNION EXEMPTION INTACT

SB 714 would have amended account disclosures and imposed costly requirements on credit unions passed. As filed, the bill would have removed an exemption that credit unions have had since 2015, when a law was passed to increase public awareness of the **PAYABLE ON DEATH** (POD) option that makes it possible to transfer assets without going through the probate process. Thanks to a vigorous lobbying and grassroots effort launched by Cornerstone, the bill passed with the credit union exemption intact.

OTHER TEXAS LEGISLATIVE HIGHLIGHTS INCLUDES LIENHOLDER PROTECTIONS RELATED TO TOWING, STORAGE, AND BOOTING OF VEHICLES

There were dozens of bills this session relating to **TOWING, STORAGE, AND BOOTING OF VEHICLES**. The tow truck groups worked to reduce notice to lienholders and increase costs on lienholders in the event of a non-consent tow. HB 2508 came out of committee with half a dozen issues for lienholders. Cornerstone was able to secure three amendments on the House floor to address some issues while continuing to negotiate with multiple towing and storage groups with varying agendas.

The negotiated changes to the process for notice to lienholders were added to SB 1501, another bill being carried by Rep. John Kuempel relating to booting of vehicles. These changes make the timeline for notice more clear and prohibits storage fees until 24 hours after notice is properly sent if they fail to meet the first or second deadline.