



CREDIT UNION DEPARTMENT

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Department Background:

- Created by 61st Legislature in 1969.
- Consists of Credit Union Commission, Credit Union Commissioner, and staff.
- Charters, examines, and supervises credit unions under Texas Credit Union Act.
- Designated as a self-directed and semi-independent ("SDSI") agency by the 81st Legislature in 2009.
- Department's FY 2013 budget is \$2,969,435, with authorized FTEs of 24.5.

Industry Update:

Key financial indicators for state-chartered credit unions improved during 2012. Total assets, net income, net worth, and membership have all increased. Overall, while the operating environment for credit unions remains difficult, the trends continue to improve during this protracted economic recovery.

- **196** credit unions regulated by the Department (serving more than three million Texas citizens).
- Total assets of **\$27.9 billion** with an aggregate net worth of **9.7%**
- **23** branches of out-of-state credit unions authorized to do business in Texas.
- **95%** of credit unions meet the federal definition of "well-capitalized" with net worth ratios of 7 percent or higher.

Legislation:

Senator Carona plans to introduce legislation to clean up and update applicable portions of the Finance Code.

Ongoing Issues Affecting the Department:

The Credit Union Commission and the Finance Commission ("the Commissions") are jointly charged with interpreting the home equity provisions of the Texas Constitution. In this connection, the Commissions are defendants in a lawsuit challenging the validity of several interpretations they adopted in January, 2004. The case has been making its way through the courts since January 29, 2004.

The Supreme Court heard oral argument on September 13, 2011. At issue is the question of standing, the standard of review accorded the interpretations, and whether the "interest" interpretations are reasonable and consistent with the Constitution. The plaintiffs have also appealed rulings upholding certain of the interpretations. The Supreme Court has not yet issued its decision.