

FINANCE CODE

TITLE 3. FINANCIAL INSTITUTIONS AND BUSINESSES

SUBTITLE D. CREDIT UNIONS

CHAPTER 121. GENERAL PROVISIONS

Sec. 121.001. SHORT TITLE. This subtitle may be cited as the Texas Credit Union Act.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 121.0011. POLICY. The purposes of this subtitle are to safeguard the public interest, to promote public confidence in credit unions doing business in this state, to provide for the protection of the interests, shares, and deposits of credit unions, to delegate to the department rulemaking and discretionary authority that may be necessary to assure that credit unions operating under this subtitle may be sufficiently flexible and readily responsive to changes in economic conditions and practices, to maintain sound credit union growth and financial integrity, fiscal responsibility, and independent judgment in the management of the business affairs of credit unions, to permit credit unions to effectively provide a full array of financial and financially related services, to provide effective supervision and regulation of credit unions and their fields of membership, and to clarify and modernize the law governing the credit unions doing business in this state. This subtitle is the public policy of this state and necessary to the public welfare.

Added by Acts 1999, 76th Leg., ch. 62, Sec. 7.15, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 87, Sec. 2, eff. Sept. 1, 1999.

Sec. 121.002. DEFINITIONS. In this subtitle:

(1) "Board" means the board of directors of a credit union.

(2) "Credit union," unless the context relates to a federal credit union, means a voluntary, cooperative, nonprofit financial institution authorized to do business in this state under this subtitle for purposes of:

(A) encouraging thrift among its members;

(B) creating a source of credit at fair and reasonable interest rates;

(C) developing and providing to its members alternative methods of financing their purchases at reasonable costs;

(D) providing an opportunity for its members to use and control their money to improve their economic and social condition; and

(E) conducting any other business, engaging in any other activity, or providing any other service that may benefit its members.

(3) "Commission" means the Credit Union Commission.

(4) "Commissioner" means the credit union commissioner.

(5) "Department" means the credit union department.

(6) "Deputy commissioner" means the deputy credit union commissioner.

(7) "Foreign credit union" means a credit union that is not organized under the laws of this state or the United States.

(8) "Law enforcement agency" means the Department of Public Safety of the State of Texas, the Federal Bureau of Investigation, or any local police or sheriff department.

(9) "Membership share" means a designated share account of a credit union consisting of the balance held by the credit union and established by a credit union member in accordance with the standards specified by the credit union.

(10) "Organization" means a corporation, partnership, association, limited liability company, or other legal entity.

(11) "Unsafe or unsound condition," with respect to a credit union, includes:

(A) being insolvent;

(B) having incurred or being likely to incur a loss that will deplete all or substantially all of the credit union's net worth; or

(C) being in imminent danger of losing the credit union's share and deposit insurance or guarantee.

(12) "Unsafe or unsound practice" means an action or

inaction in the operation of a credit union that is contrary to generally accepted standards of prudent operation, the likely consequences of which, if continued, would be abnormal and material risk of loss or danger to a credit union, the credit union's members, or an organization insuring or guaranteeing the credit union's shares and deposits.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 157, Sec. 5, eff. Sept. 1, 1999; Acts 2003, 78th Leg., ch. 533, Sec. 6, eff. Sept. 1, 2003.

Sec. 121.003. CREDIT UNIONS SUBJECT TO SUBTITLE. A credit union organized and existing under the laws of this state is governed by and authorized to do business under this subtitle.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 121.004. LIBERAL CONSTRUCTION. This subtitle shall be liberally construed to effect its purposes.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 121.005. HEARINGS. (a) A hearing held under this subtitle is governed by Chapter [2001](#), Government Code.

(b) The commission may adopt rules of procedure for a hearing held under this subtitle.

(c) This section does not apply to a meeting under Section [122.005](#).

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.14(a), eff. Sept. 1, 1999.

Sec. 121.006. PROCEDURE AND RULES APPLICABLE TO CERTAIN PROCEEDINGS. (a) If the commissioner proposes to revoke a credit union's certificate of incorporation, the credit union is entitled to a hearing conducted by the State Office of Administrative Hearings.

(b) A proceeding for a disciplinary action is governed by Chapter [2001](#), Government Code. Rules of practice adopted by the commission under Section [2001.004](#), Government Code, applicable to a proceeding for a disciplinary action may not conflict with rules

adopted by the State Office of Administrative Hearings.

Added by Acts 1999, 76th Leg., ch. 62, Sec. 7.14(b), eff. Sept. 1, 1999. Amended by Acts 2003, 78th Leg., ch. 533, Sec. 7, eff. Sept. 1, 2003.