

STRATEGIC PLAN

Fiscal Years 2025 to 2029



Finance Commission of Texas

Finance Commission of Texas
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Strategic Plan

Fiscal Years 2025 to 2029

by the

Finance Commission of Texas

Members			
Commission Member	Dates of Term	Hometown	Member Representation
Phillip A. Holt, Chair	Feb 23, 2016 to Feb 1, 2028	Bonham	Consumer Credit
Laura Nassri Warren, Vice Chair	April 20, 2020 to Feb 1, 2026	Palmhurst	Public
Robert (Bob) Borochoff	Feb 22, 2016 to Feb 1, 2028	Houston	Public
Hector J. Cerna	Dec 16, 2015 to Feb 1, 2026	Eagle Pass	Banking
Kathleen Fields	May 16, 2024 to Feb 1, 2028	San Antonio	Public/CPA
Glen Martin (Marty) Green	June 27, 2022 to Feb 1, 2028	Dallas	Public
Troy Lambden	May 16, 2024 to Feb 1, 2030	Graham	Savings
Sharon McCormick	April 20, 2020 to Feb 1, 2026	Frisco	Mortgage Broker
Roselyn (Rosie) Morris, Ph.D.	March 24, 2022 to Feb 1, 2026	San Marcos	Public
David Osborn	May 16, 2024 to Feb 1, 2030	El Paso	Banking
Miguel Romano, Jr.	May 16, 2024 to Feb 1, 2030	Austin	Public

August 16, 2024

/s/ Phillip A. Holt

Phillip A. Holt, Finance Commission Chair

Finance Commission of Texas Strategic Plan 2025-2029

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Overview of the Finance Commission of Texas

The Finance Commission of Texas (Finance Commission) was established in 1943 as the oversight and policy-making body for three agencies: the Texas Department of Banking (DOB), the Department of Savings and Mortgage Lending (SML), and the Office of Consumer Credit Commissioner (OCCC). The Finance Commission is not a separate state agency. The Finance Commission serves as the primary point of accountability for ensuring that state depository and lending institutions function as a system. The Finance Commission's authority is set out in Chapter 11 of the Texas Finance Code.

The Finance Commission consists of eleven members who are private citizens appointed by the Governor of Texas, subject to Senate confirmation. The composition of the Finance Commission includes:

- Two state bank executives;
- One state savings executive;
- One consumer credit executive;
- One residential mortgage loan originator; and
- Six public members, one of whom must be a certified public accountant.

Finance Commission members serve staggered, six-year terms. Members with expired appointments continue serving until their replacements are named. The Governor appoints the presiding officer (Chair). Phillip A. Holt, Vice President of Conn's Home Plus, is the current presiding officer and was appointed Chair in April 2020. The presiding officer may designate a Vice-Chair who will conduct and complete all business before the Finance Commission in the Chair's absence. In June 2024, Laura Nassri Warren, founder and principal owner of The Warren Group Architects, Inc., was designated Vice-Chair.

The Finance Commission oversees the rules, budget, and operations of the DOB, the SML, and the OCCC (agencies). The agencies provide administrative services and operational funding to the Finance Commission. Meetings are required to be held at least six times during each calendar year. The Finance Commission members appoint an agency commissioner to serve as Executive Director to the Finance Commission. DOB Commissioner Charles G. Cooper was appointed to serve as the Executive Director effective May 1, 2014.

The Finance Commission and agencies were evaluated by the Texas Sunset Advisory Commission during their 2018-2019 review cycle, as required by the Texas Sunset Act. The 86th Legislature passed Senate Bill 614 and House Bill 1442 in 2019, extending the existence of the three agencies through September 1, 2031, under the continued oversight of the Finance Commission.

The Finance Commission's Strategic Plan for 2025-2029 was developed in accordance with Section 11.002(a) and (b) of the Texas Finance Code.

Finance Commission of Texas Mission

The mission of the Finance Commission is to ensure banks, savings institutions, non-depository financial service providers, and other regulated entities, operate as safe and sound institutions and increase the economic prosperity of the state.

Finance Commission of Texas Goals and Action Plans

The goals of the Finance Commission are to ensure: (1) Texas' financial service providers operate in a safe and sound manner; (2) the numerous financial services industries under its jurisdiction function as a coordinated system; and (3) consumers who seek services from licensed or registered financial service providers are protected from unfair or harmful practices. The Finance Commission provides a forum for opinions to be heard from stakeholders, consumers, and the public.

To meet its goals and fulfill its mission, the Finance Commission oversees the agencies under its supervision in a manner that:

- Provides a regulatory framework to protect the rights of depositors, consumers, and shareholders in Texas;
- Promotes a fair and stable financial services environment in which the credit and financial needs of the citizens and businesses of Texas are fulfilled;
- Advocates and exercises a system of open communication and unbiased consideration for rulemaking;
- Mandates a fair and efficient supervisory environment;
- Ensures safety and soundness in the financial service industries;
- Requires the agencies to operate honestly and professionally; and
- Protects consumers from unfair, deceptive, or harmful practices.

Goal: Provide Effective Oversight of the Activities of the Texas Department of Banking, the Department of Savings and Mortgage Lending, and the Office of Consumer Credit Commissioner

Ensure effective oversight of the agencies to protect consumers' interests and maintain a safe and sound financial services system. In doing so, increase the state's economic prosperity.

Actions Required to Achieve Goal

- Maintain open and effective communications with the agencies.
- Provide clear direction and forward-thinking leadership.
- Evaluate the priorities of each agency and assess the progress and achievement of these priorities.

- Establish reasonable and necessary assessments and fees to fund the agencies' activities.
- Develop and implement policies that clearly separate the Finance Commission's policymaking responsibilities from the management responsibilities of the Banking Commissioner, Savings and Mortgage Lending Commissioner, Consumer Credit Commissioner, and agency staff.
- Review, evaluate, and approve the agencies' annual operating budgets and quarterly financial statements to ensure fiscal responsibility.
- Monitor and oversee activities related to the agencies' Self-Directed, Semi-Independent (SDSI) status.
- Review and monitor agencies' reporting on changing industry and economic conditions, geopolitical affairs, inflationary pressures, and the supervisory strategies utilized to adapt to these changes.
- Provide oversight of the agencies' internal audit function, including:
 - selecting an internal auditor.
 - reviewing and monitoring the actions to be taken on the audit plans resulting from the internal auditor's annual risk assessment.
 - monitoring the actions to be taken on the findings resulting from the annual internal audit reports, including management's responses to the findings and the agencies' corrective actions.
- Review the action plans from external audits conducted by state and federal agencies, management's responses, and monitor the agencies' remediation and implementation efforts.
- Review and adopt rules drafted by the agencies to further implement statutes passed by the Texas Legislature.
- Provide opportunities for the public and stakeholders to present testimony or input on proposed rules and other issues of interest within the Finance Commission's jurisdiction.
- Provide oversight and administration of the Texas Financial Education Endowment (TFEE), including the investment of funds and awarding of grants to support the objectives of the endowment.
- Appoint agency commissioners and evaluate each commissioner's performance annually.
- Monitor and oversee Sunset Review recommendations enacted into law and agency actions approved by the Sunset Advisory Commission.
- Ensure new Finance Commission members receive the appropriate training to perform their duties and all Finance Commission members review the training manual annually.

Goals and Action Items Support Statewide Objectives

Each agency has identified goals related to effective licensing, examination and supervision, regulation, and operations and administration in their individual strategic plans which further explain how this goal supports the five statewide objectives. Please reference the [DOB](#), [SML](#), and [OCCC](#) strategic plans for this information.

Other Considerations

Self-Funding and Self-Leveling

The agencies are self-funding and self-leveling. All revenues for operations are derived from fees and assessments collected from licensed and regulated entities. Each agency is responsible for its direct and indirect costs as no resources are appropriated from the General Revenue Fund. All revenues from

operations are placed in a separate account at the Texas Treasury Safekeeping Trust Company. Various provisions in the Texas Finance Code, Health and Safety Code, and Occupations Code authorize each agency, as applicable, to impose and collect fees to cover the cost of examination, the equitable or proportionate cost of maintenance and operation of each agency, and the cost of enforcement. The Finance Commission's oversight further ensures that each agency operates in a prudent and fiscally responsible manner while performing statutory duties.

Annually, the Finance Commission reviews and evaluates the budgets developed by each agency. Prior to submission to the Finance Commission, the agencies hold a hearing for public review and comment on the budgets. The Finance Commission must approve each agency's budget before any expenditure may be made for the new fiscal year. The agencies exercise fiscal discipline and restraint. This is particularly important during periods of economic uncertainty to ensure that the financial system in Texas emerges resiliently.

Self-Directed, Semi-Independent (SDSI) Oversight

The 81st Texas Legislature amended the Texas Finance Code and granted SDSI status to the agencies under the oversight of the Finance Commission.

SDSI status has been instrumental in supporting the agencies' efforts to fulfill their missions. Since 2009, this status has enabled the agencies to respond promptly to the dynamic economic and regulatory environment changes at both the state and federal level. This includes the ability to adjust budgets to implement immediate changes in staffing strategies and training needs, as well as adjust salaries to retain and attract qualified personnel and strive for more competitive salary levels comparable to other state and federal agencies. This flexibility allows the agencies to identify and incorporate efficiencies that result in improved performance measurement and reporting to support effective decision-making.

Biennial reporting to the Texas Legislature and Governor regarding agencies' activities, financials, and audits are mandated. The agencies are also required to provide annual reports on salaries, travel expenses for employees and Finance Commission members, operating plans, annual budgets, and detailed reports on revenue to the Governor's Office, the House Appropriations Committee, the Senate Finance Committee, and the Legislative Budget Board.

Although the agencies are not subject to certain requirements due to the SDSI status, they continue to operate in a similar manner as other executive agencies with a focus on transparency and accountability, as well as providing opportunities for stakeholder input and collaboration. The Finance Commission maintains oversight of each agency's activities relating to SDSI status by:

- Serving as the approving authority of the agencies' budgets;
- Ensuring prudent fiscal management of the agencies;
- Ensuring compliance with mandated policies;
- Maintaining awareness of additional costs and contractual relationships; and
- Monitoring annual and biennial reports provided to state leadership, assuring agency transparency and accountability.

Oversight and Agency Activities

The Finance Commission's primary responsibility is to provide oversight of the activities of the agencies. The Finance Commission has established goals for each of the commissioners, and their performance is evaluated based on the achievement of these established goals. Charles G. Cooper serves as Commissioner of the Texas Department of Banking, Hector Retta serves as the Commissioner of the Department of Savings and Mortgage Lending, and Leslie L. Pettijohn serves as Commissioner of the Office of Consumer Credit Commissioner.

The Finance Commission is required to hold at least six regular public meetings each calendar year. Before each meeting, members receive briefing materials regarding the status of the agencies' activities and other issues affecting the regulated industries. This information typically includes budget and financial data, reports on examination and other agency activities, potential legislation, new legislative mandates, proposed and pending rules, statutory interpretations, performance measure reports, and staffing level information.

Finance Commission members are provided public, non-confidential information which they use along with input from external auditors, agency commissioners, regulated entities, consumers, and other sources to evaluate the effectiveness of each agency in meeting its goals and objectives.

The Finance Commission considers the agencies to be effective in meeting their primary missions; however, there are challenges ahead that will require the agencies to develop new and innovative strategies. These challenges include but are not limited to:

- Instabilities in economic conditions, geopolitical risks, high interest rates, and inflationary pressures;
- Regulatory changes at both the state and national levels;
- Changes and emerging issues within the regulated industries;
- Advances in technology utilizing digital platforms, blockchain technology, cryptocurrency, artificial intelligence, and other unique electronic product delivery methods;
- Cybersecurity threat detection and prevention;
- Growth in financial abuses against consumers; and
- Ability to attract, develop, and retain qualified staff.

Finance Commission Building

The DOB, SML, and OCCC, are headquartered in the Finance Commission Building at 2601 N. Lamar Blvd, which the agencies share and co-own. During the 85th Legislature, Regular Session 2017, the Texas Legislature enacted Senate Bill 1349, allowing the Texas Department of Transportation (TxDOT) to sell certain excess land to the FC agencies. The agencies are in communication with the Texas Department of Motor Vehicles and TxDOT regarding the parcel on the Camp Hubbard campus, and a letter of intent for the purchase of the four-acre parcel was provided after receiving the Environmental Site Assessments. The FC agencies and TxDOT will collaborate to implement a final agreement for the Camp Hubbard parcel.

Cash reserves have been set aside to cover future expenses related to the purchase or construction of a new building and relocation. As required by SB 646 passed during the 86th Legislature, Regular Session 2019, the agencies received authorization from the Office of the Governor in March 2023 to increase the reserves for long-term planning, consistent with the December 2021 action of the FC. Additional authorizations for the project will be needed from the Office of the Governor in the future.

Per Texas Finance Code §11.204, the Finance Commission is authorized to use the staff, equipment, and facilities of the agencies to the extent necessary to carry out its duties. To reduce administrative costs, the agencies share staff, equipment, and facilities to the extent that the sharing contributes to cost efficiency without detracting from the staff expertise needed for individual areas of responsibility. The agencies share resources including the Finance Commission building, receptionist, building manager, security surveillance, telecommunication infrastructure, imaging system, purchaser, inventory and store specialist, and multiple contracts.

Goal: Maintain Safe and Sound Banking and Financial Services System and Promote Coordination of the State Financial System

Ensure, given the broad scope of the financial services industry, that state depository, lending institutions, and non-depository financial service providers operate as safe and sound institutions and function as a coordinated system. Through oversight and coordination of activities, focus on protecting consumers' interests and increasing the state's economic prosperity.

Actions Required to Achieve Goal

- Provide oversight of the agencies' operations.
- Evaluate priorities for each of the agencies and assess progress and achievement of these priorities.
- Monitor compliance, examination, and supervisory benchmarks related to banks, savings institutions, and non-depository financial service providers.
- Monitor the regulatory activities of each agency.
- Monitor the state of the industries regulated by each of the agencies.
- Monitor federal regulatory changes and how they affect the agencies and regulated industries.
- Provide opportunities for the public to present testimony or input on proposed rules.
- Review and act on rules drafted by the agencies to further implement statutes passed by the Texas Legislature.
- Ensure agencies are supported by a well-trained, educated, and productive workforce.
- Monitor each agency's performance including division activities and other items of interest.
- Testify, when requested, at legislative hearings.
- Monitor the economic outlook for Texas.
- Promote coordination of the agencies with federal and other state financial service regulators.

Goals and Action Items Support Statewide Objectives

Each agency has identified goals related to effective licensing, examination and supervision, and regulation in their individual strategic plans which further explain how this goal supports the five statewide objectives. Please reference the [DOB](#), [SML](#), and [OCCC](#) strategic plans for this information.

Other Considerations

Entities Regulated, Licensed, or Registered by the Agencies Under the Supervision of the Finance Commission

The entities on the next page are regulated, licensed, or registered by the agencies.

ENTITIES REGULATED, LICENSED, OR REGISTERED BY EACH AGENCY		
DEPARTMENT OF BANKING	DEPARTMENT OF SAVINGS AND MORTGAGE LENDING	OFFICE OF CONSUMER CREDIT COMMISSIONER
State-Chartered Commercial Banks ¹	State-Chartered Savings Banks ²	Regulated Lenders
Offices of Foreign Banking Organizations ³	Residential Mortgage Loan Originators ⁴	Second Lien Mortgage Lenders
Public Trust Companies	Residential Mortgage Loan Companies ⁵	Pawnshops Pawn Employees (Optional) ⁶
Exempt Trust Companies	Mortgage Bankers	Motor Vehicle & Commercial Vehicle Retail Finance Sellers
Money Services Businesses	Mortgage Servicers	Registered Retail Creditors
Prepaid Funeral Contract Sellers		Property Tax Lenders
Perpetual Care Cemeteries		Residential Mortgage Loan Originators ⁷
Check Verification Entities		Debt Management & Debt Settlement Service Providers
		Refund Anticipation Loan Facilitators
		Manufactured Housing Creditors
		Credit Access Businesses (Payday and Auto Title Loan Companies)
		Crafted Precious Metals Dealers

¹ Includes all State Banking Activity

² Includes all State Savings Bank Activity

³ Includes Foreign Bank Branches, Agencies, and Representative Offices in Texas

⁴ Individuals licensed and working for either Residential Mortgage Loan Companies or Mortgage Bankers under the authority of the Department of Savings and Mortgage Lending

⁵ Includes mortgage companies, independent contractor loan processor or underwriter companies, credit union subsidiary organizations, auxiliary mortgage loan activity companies and financial services companies

⁶ Effective September 1, 2019, Pawnshops may elect, but are not required, to participate in the Pawnshops Employee License Program

⁷ Individual loan originators working for Property Tax Lenders, Second Lien Mortgage Lenders, Manufactured Housing Creditors, and other creditors under the authority of the Office of Consumer Credit Commissioner

Goal: Protect Consumer Interests

Ensure prompt, fair, and effective enforcement of applicable state and federal statutes and regulations so that consumers are protected from deceptive practices, fraud, and misrepresentation.

Actions Required to Achieve Goal

- Conduct meetings in an open environment where the public may attend and provide comment.
- Provide oversight of the agencies' consumer assistance operations and regulatory activities to ensure that consumers are protected from abusive and deceptive practices, fraud, and misrepresentation.
- Monitor and review consumer complaint and inquiry activity for each agency. Set standards to ensure complaints and inquiries are processed in a professional, appropriate, and timely manner and appropriate restitution is provided when applicable.
- Monitor financial education outreach efforts of the agencies.
- Provide oversight and administration of TFEE, including the investment of funds and awarding of grants that support the financial education objectives of the endowment.
- Coordinate and review statutorily required or authorized research studies or projects.
- Review and evaluate reports on customer service generated by each agency.
- Issue interpretations of the Texas Constitution relating to home equity lending and reverse mortgages.
- Provide a forum to receive public input and testimony.

Goals and Action Items Support Statewide Objectives

Each agency has identified goals related to financial education, consumer protection, consumer complaint resolution, and efficient and effective operations in their individual strategic plans which further explain how this goal supports the five statewide objectives. Please reference the [DOB](#), [SML](#), and [OCCC](#) strategic plans for this information.

Other Considerations

Consumer Assistance

The Finance Commission reviews each agency's consumer complaint-related activity at least quarterly. To assist the Finance Commission in reviewing consumer activities, the agencies follow consistent practices for complaint processing and reporting. Representatives from each agency will continue to collaborate on efforts to enhance consumer assistance efforts.

Financial Education

Financial education provides consumers with the tools and skills needed to make informed financial decisions. Texas continues to make progress in developing financially educated consumers. Texas is also one of several states that have incorporated specific financial skills development within the school

curriculum. Nonetheless, the need for financial education remains high for Texans. Consumers who understand their choices and obligations can manage their personal finances better and are more likely to reach their financial goals. A more financially educated population making wiser financial decisions will help increase economic prosperity for all of Texas.

The DOB and OCCC continue to work together to promote financial education. These initiatives include quarterly webinars, some of which are directed toward unbanked communities. SML promotes financial education through its management of the Mortgage Grant Fund (MGF). The priority of the MGF is to promote financial literacy that enables Texans to secure home ownership. In addition, the agencies collaborate with various statewide organizations promoting programs that enhance financial education and publishing statewide financial education resources in partnership with other state and federal agencies. Delivering and supporting financial education assists consumers facing financial questions or insecurities, fostering a more informed and financially stable population for the benefit of all Texans.

Texas Financial Education Endowment (TFEE)

TFEE supports statewide financial capability and consumer credit building activities and programs. TFEE was established as an endowment by the 82nd Legislature of the State of Texas. TFEE was launched as a biennial grant program in 2014 and has issued grant funding to qualified organizations every two years since its inception. The endowment is administered by the Finance Commission and is funded through the receipt of assessments on credit access businesses. The Finance Commission determines the amount of grant funds to award before the start of the selection process for each award cycle. Grant monies are distributed to selected organizations that promote and increase the financial capabilities of consumers. Non-profit organizations, governmental organizations, schools, and for-profit entities that provide K-12 financial education, adult financial education, and financial coaching are eligible to apply for grant funding. Eligibility is not open to financial service providers and entities regulated by the Finance Commission. Funds are awarded to grant recipients during a two-year cycle for an amount not to exceed \$45,000 for one-year or \$90,000 for two-year requests.

TFEE grant requests for the 2024-2025 grant cycle aggregated nearly \$4,000,000 from over 50 applicants. In October 2023, the Finance Commission awarded a total of \$735,700 in funds to 10 organizations that will deliver programs to improve the financial education and capability of Texans. Grantees are required to submit semi-annual reports that demonstrate performance outcomes and financial information. Information from the grantees' semi-annual reports is summarized and highlighted in a biennial report which is presented to the Finance Commission.

Legislative Recommendations and Interpretations

Finance Commission members regularly consider the effectiveness of current statutes in meeting the agencies' missions. In areas, in which an agency identifies weaknesses in the statutory framework, the appropriate agency commissioner will initiate legislative recommendations for improvement and seek concurrence of the Finance Commission before the proposals are formally presented to state policymakers. Areas of improvement often relate to consumer protections, streamlining regulatory burden, or enforcement authority.

The Texas Legislature has the constitutional authority to delegate to one or more state agencies the power to interpret provisions of the Texas Constitution. The Texas Legislature delegated interpretative authority relating to home equity loans and reverse mortgages to the Credit Union Commission (as to credit unions) and to the Finance Commission (as to all other lenders under the agencies' jurisdictions). An act or omission of a lender relating to a home equity loan or reverse mortgage does not violate the Texas Constitution if it complies with an interpretation in effect at the time.

A working group composed of representatives from the Credit Union Department and the three agencies was formed to develop proposed interpretations for presentation to and final action by the two commissions. This working group of financial regulatory agencies will continue to collaborate on an as-needed basis to

address new and continuing matters related to interpretations of the home equity lending provisions of the Texas Constitution.

Goal: Increase Economic Prosperity

Ensure that the agencies focus on protecting consumers' interests as well as maintaining a safe and sound financial system and promoting the economic prosperity of the state.

Actions Required to Achieve Goal

- Monitor the current and forecasted condition of the state's financial systems and economy, escalating geopolitical risks, and inflationary pressures.
- Provide effective oversight and coordination of activities for the agencies.
- Monitor the agencies' progress toward meeting goals and objectives.
- Evaluate input and feedback from all sources to make improvements to the administration of the Finance Commission and the agencies.
- Promote a favorable business climate.

Goals and Action Items Support Statewide Objectives

Each agency has identified goals related to effective licensing, examination and supervision, regulation, consumer protection and complaint resolution, and financial education in their individual strategic plans which further explain how this goal supports the five statewide objectives. Please reference the [DOB](#), [SML](#), and [OCCC](#) strategic plans for this information.

Other Considerations

To promote economic prosperity, the Finance Commission must remain diligent in providing effective oversight of the agencies' activities and monitoring each agency's progress in meeting the goals of protecting consumers' interests and maintaining a safe and sound financial services system.

Texas Economy Overview

Texas' economy has experienced favorable times during the first few months of 2024. Despite seeing some slowdown, the state continues to outperform the nation in job growth. Additionally, the unemployment rate appears stable, wage growth remains high, inflation continues to decline, and Texas businesses do not feel constrained by credit. The housing market has experienced some mixed results during the same time frame. Home sales and dollar volume of homes have risen monthly; even though the number of days homes are staying on the market have increased. Regardless of these minor setbacks, the state's economy appears strong and positive signs seem likely to continue for the rest of the year.

The Federal Reserve Bank of Dallas (FRB Dallas) reported Texas employment growth slowed in May to 2.8% from 3.4% in April. Comparatively, the state's job growth remained well above the nation's rate of 2.1% in May. Texas' year-to-date employment growth of 2.8% also outpaced the national rate of 1.9% in May. The unemployment rate in Texas has been mostly stable beginning the year at 4.1%, dropping to 3.9% in March

and April, then rising to 4% in May. The unemployment rate for the U.S. also mirrored the state value at 4% in May.

Texas wage growth remains high but exhibits signs of stabilizing. The FRB Dallas reported average hourly earnings gradually rising from \$31.89 in January to \$32.74 in May. FRB Dallas' Texas Business Outlook Survey (TBOS) showed the wage diffusion index returning to pre-pandemic levels. While still elevated, wage increases were not occurring at the heightened frequency seen near the end of the pandemic. Wages, on average, grew about 4.5% in April 2024 as opposed to about 2.5% during pre-pandemic times, according to the Employment Cost Index and the payroll survey average of hourly earnings provided by the U.S. Bureau of Labor Statistics.

In March 2024, inflation continued to trend down as the 12-month change in the Texas Headline Consumer Price Index dropped to 4.1%. Furthermore, the Federal Reserve Board set the interest rate between 5.25% - 5.5% in July 2023 where it has remained ever since, and inflation rates remain above the ideal 2% goal.

The state's housing market revealed conflicting indicators in 2024, fueling uncertainty about its future. Median prices of homes gradually rose, starting at \$324,915 in January and ending at \$348,000 in May, according to Texas A&M University's Texas Real Estate Research Center. Texas home sales followed that upward trend, growing from 19,294 homes sold in January to 33,648 in May. The dollar volume of homes also experienced a hike, with \$7.603 billion reported in January and \$14.897 billion in May. Active listings of homes also rose from 93,657 in January to 119,109 in May. Conversely, the number of months homes remained on the market increased from 3.41 in January to 4.34 in May.

Seeing strong economic growth despite higher interest rates has left central bankers perplexed. The FRB Dallas, through its TBOS, found many Texas firms not feeling credit constrained. In May, 56% of Texas businesses reported not seeking credit for short-term uses, such as paying employees, up from 49% in October 2023. TBOS also indicated that banks' loan volume grew slightly in May after a year of declines.

About half of the businesses participating in FRB Dallas' surveys reported not seeking credit for capital expenditures and other needs, while about 5% of participants are waiting for rates to drop before borrowing.