



Newsletter

No. 11-11



November 2011



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CUD is the state agency that regulates and supervises credit unions chartered by the State of Texas. The Department is professionally accredited by the National Association of State Credit Union Supervisors (NASCUS) certifying that CUD maintains the highest standards and practices in state credit union supervision.

*Our **Mission** is to safeguard the public interest, protect the interests of credit union members and promote public confidence in credit unions.*

Credit Union Commission

The Commission is the policy making body for CUD. The Commission is a board of private citizens appointed by and responsible to the Governor of Texas.

Members:

Thomas F. Butler, Chair
Manuel Cavazos IV, Vice Chair
Gary L. Janacek
Dale E. Kimble
Sherri B. Merket
Allyson Morrow
Rob Kyker
Gary D. Tuma
A. John Yogerst

Next Commission Meeting

Friday, February 17, 2012 beginning at 8:00 a.m. in the offices of CUD.

ATM Disclosures

Regulations E, issued by the Board of Governors of the Federal Reserve System pursuant to the Electronic Fund Transfer Act (EFTA), established the basic rights, liabilities, and responsibilities of consumers who use electronic fund transfer services and of credit unions that offer these services.

Regulation E requires that credit unions must provide a disclosure regarding fees that are (or may be) associated with using an ATM. In addition, to the content of that disclosure, Regulation E prescribes where the disclosures must be located on the ATM. Two forms of notice are required. The first is the "screen or paper notice". This is the notice that pops up on the ATM screen (or appears on a slip of paper) during the transaction that alerts a consumer that a specific amount will be charged for the pending transaction, allowing the consumer to cancel the transaction request to avoid the fee. The second form of disclosure, known as the "on machine" notice, requires a credit union to post a notice in a "prominent and conspicuous location" on the ATM that a fee may be imposed.

If you have questions about required ATM disclosures under Regulation E, you should contact the Federal Reserve and/or your legal counsel to discuss them.



New Complaint Notice Required

Credit unions are reminded that effective earlier this month, the complaint notice has new wording. The revision was prompted by the state-wide website domain change, but, in an effort to clarify and separate credit union and Department contact information, the Commission adopted additional amendments to the notice. A sample notice can be found on the Department's website at <http://cud.texas.gov/upload/file/Forms/Notice/Complaint Notice to CU Members rev 1 1-11.pdf>.



Election Policy and Procedures

The Department receives calls each year concerning unexpected complications related to the nomination and/or election of new board members. In many cases, the inquiring credit union's election policies and procedures have not been regularly updated consistent with the growth and increased complexity of the institution. In order to avoid unnecessary complications related to the election process, we encourage credit unions to periodically review the adequacy of its nominating procedures and election rules. The standard credit union bylaws require each board of directors to establish election rules as part of their written board policy. Commission Rule 91.302 also specifies additional policy/procedural requirements for membership votes that use electronic balloting, early voting, absentee voting, or mail balloting.



Annual Complaint Summary

In fiscal year 2011, the Department responded to 167 complaints, an 11% increase over last year's 150. Complaints about account balances (including loan balances) topped the list. Related complaints included collection practices, the addition of collateral protection insurance, and the use of cross-collateralization clauses. Members frequently fail to understand how late payments, the addition of collateral protection insurance premiums, and skip pays affect the payout of their loans.

Customer service and overdraft fees were the next most common grievance. Members continue to believe that credit unions manipulate deposits and debits to generate fees, and are confused about the difference between their account balance and their available balance. Customer service complaints generally involved what the members felt to be rude or disrespectful treatment by credit union employees. Finally, several members were upset when they learned the credit union had assessed an inactivity fee on their accounts.



Rules Update to Credit Unions

Change 30, the most recent rules update was sent to credit unions electronically on November 16, 2011. Please contact our office if you have any questions.



Publication Deadlines

In order to meet the submission deadlines for the applicable issues of the Texas Register, it is necessary for the Department to establish the schedule included below. Completed applications received after the deadline for the month cannot be published until the following month.

<u>Publication Date</u>	<u>Application Deadline</u>
December, 2011	Friday, December 16
January, 2012	Friday, January 13

Applications Approved

Applications approved since October 31, 2011 include:

Credit Union

Changes or Groups Added

Field of Membership Changes – Approved:

First Service Credit Union (#1 & #2) (Houston)

See Newsletter No. 09-11

Merger or Consolidation – Approved:

Stewart CU (Houston) and **Chevron FCU** (Oakland, CA)

See Newsletter No. 05-11

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## *Applications Received*

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There were no applications received.

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Newsletter Notice

As required by statute, each state agency must obtain an annual confirmation from individuals receiving a paper copy of a monthly publication at no charge. Specifically, the law requires that a notice be placed on three consecutive issues of the publication, and that anyone desiring to continue to receive a paper copy of the publication must so indicate in writing. **(For those receiving an electronic link of the newsletter, no action is required).** Faxes are welcomed.

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## *Upcoming Holiday Schedule for TCUD*

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The Department's office will be closed on **December 26, 2011** in observance of Christmas.



*This newsletter is produced monthly as a part of the Department's continued communication outreach with the credit unions it regulates. Delivery is generally provided by electronic notification of its availability on the Department's website.*

*Suggestions and comments concerning the newsletter or its content are welcomed.*



To learn more about CUD click <http://www.cud.texas.gov> or contact us at 914 E. Anderson Lane, Austin, TX 78752



***All of us join in wishing you a wonderful Holiday Season with the very best of everything in the coming New Year!***