



Newsletter

No. 11-12



November 21, 2012



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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 Yoggerst

Next Commission Meeting

Friday, February 15, 2013 beginning at 8:00 a.m. in the offices of CUD.

General Counsel to Retire

It is with conflicting emotions that we wish Betsy Loar a happy retirement. She will be retiring from her duties as the general counsel effective January 31, 2013. Throughout the years, Ms. Loar's integrity of commitment to her responsibilities and unshakeable professionalism has been invaluable to this Department as we endeavored to meet the challenges of one of the most turbulent periods of financial history. Her leadership, loyalty to the Department and tireless energy will be missed.

We ask that you join us in wishing Betsy many joyful and fulfilling retirement years.



Corporate Credit Union Share Guarantee to Expire

Credit unions are reminded that NCUA's Temporary Corporate Credit Union Share Guarantee Program will expire at the end of the year. As a result, NCUA coverage on deposits in corporate credit unions will be limited to the standard maximum share insurance amount of \$250,000. For example, beginning on January 1, 2103, if a credit union maintains \$750,000 in an overnight account at a corporate credit union, \$500,000 will not be guaranteed or insured. Therefore, credit unions are encouraged to review their current corporate account holdings to determine whether they should make adjustments to meet their risk tolerance.



Complaint Review for Fiscal Year 2012

The Department handled 174 written complaints in fiscal year 2012, up from 167 in the prior year. Collection issues topped the members' concerns, closely followed by objections to fees and to the order of posting credits and debits. Related to these issues were disputes over deposit or loan balances.

Several members were victims of scams involving counterfeit checks: these members consistently felt the credit union should have done more to protect them. Both phone and written complaints indicate that members still do not understand how to determine their available balance. Finally, members frequently question the use of cross-collateralization clauses.



Loan Workout Policy Requirement

The NCUA recently revised its regulations to require each federally-insured credit union to have a formal loan workout policy. As addressed in Part 741.3(b)(2) of the NCUA's Rules and Regulations, the policy must specifically address the discontinuance of interest accrual on loans that are past due by 90 days or more and requirements for returning such loans to accrual status. The rule change also includes a new Appendix C in Part 741 that details additional minimum policy and procedural requirements for loan workouts. Credit unions are encouraged to ensure that any necessary policy revisions are made in order to comply with the new loan workout requirements.



Rule Review

The Texas Credit Union Commission will review and consider for re-adoption, revision, or repeal **Chapter 97, §§97.101** (Meetings), **91.102** (Delegation of Duties), **97.103** (Recusal or Disqualification of Commission Members), **97.104** (Petitions for Adoption or Amendment of Rules), **97.105** (Frequency of Examination), **97.107** (Related Entities), **97.113** (Fees and Charges), **97.114** (Charges for Public Records), **97.115** (Reimbursement of Legal Expenses), **97.116** (Recovery of Costs for Extraordinary Services not Related to an Examination), **97.200** (Employee Training Program), **97.205** (Use of Historically Underutilized Businesses), **97.207** (Contracts for Professional or Personal Service), **97.300** (Gifts of Money or Property), and **97.401** (Discovery of Confidential Information) of Title 7, Part 6 of the Texas Administrative Code in preparation for the Commission's Rule Review as required by Section 2001.039, Government Code.

An assessment will be made by the Commission as to whether the reasons for adopting or readopting these rules continue to exist. Each rule will be reviewed to determine whether it is obsolete, whether the rule reflects current legal and policy considerations, and whether the rule reflects current procedures of the Credit Union Department.

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Rule Review

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Comments or questions regarding these rules may be submitted in writing to, Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699, or electronically to [info@cud.texas.gov](mailto:info@ cud.texas.gov). The deadline for comments is **December 27, 2012**.

The Commission also invites your comments on how to make these rules easier to understand. For example:

- ❑ Do the rules organize the material to suit your needs? If not, how could the material be better organized?
- ❑ Do the rules clearly state the requirements? If not, how could the rule be more clearly stated?
- ❑ Do the rules contain technical language or jargon that isn't clear? If so, what language requires clarification?
- ❑ Would a different format (grouping and order of sections, use of headings, paragraphing) make the rule easier to understand? If so, what changes to the format would make the rule easier to understand?
- ❑ Would more (but shorter) sections be better in any of the rules? If so, what sections should be changed?

Any proposed changes to these rules as a result of the rule review will be published in the Proposed Rule Section of the Texas Register. The proposed rules will be open for public comment prior to final adoption by the Commission.



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, 2012	Friday, December 14
January, 2013	Friday, January 11



Applications Approved

Applications approved since October 17, 2012 include:

Credit Union

Changes or Groups Added

Field of Membership Changes – Approved:

Pegasus Community Credit Union (Dallas)

See Newsletter No. 07-12

Merger or Consolidation – Approved:

Denison District Telephone CU (Denison) and **Texas Telcom CU** (Dallas) See Newsletter No. 06-12



Applications Received

The following applications were received and will be published in the November 30, 2012 issue of the *Texas Register*

Field of Membership Expansion:

Alpine Community Credit Union (Alpine) – To permit persons who live, work, worship or attend school in Brewster, Presidio, or Jeff Davis Counties, Texas, to be eligible for membership in the credit union.

First Community Credit Union (Houston) – To permit persons who live, work, worship, or attend school in and businesses in Montgomery County, Texas, to be eligible for membership in the credit union.

Comments or a request for a meeting by any interested party relating to an application must be submitted in writing within 30 days from the date of this publication. Credit unions that wish to comment on any application must also complete a Notice of Protest form. The form may be obtained by contacting the Department at (512) 837-9236 or downloading the form at <http://www.cud.texas.gov/page/bylaw-charter-applications>. Any written comments must provide all information that the interested party wishes the Department to consider in evaluating the application. All information received will be weighed during consideration of the merits of an application. Comments or a request for a meeting should be addressed to the Texas Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.

Merger or Consolidation:

An application was received from **Unity One Credit Union** (Fort Worth) seeking approval to merge with **Argentine Santa Fe Industries Credit Union** (Kansas), with Unity One Credit Union being the surviving credit union.

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Applications Received

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An application was received from **EECU** (Fort Worth) seeking approval to merge with **Fort Worth Telco Credit Union** (Fort Worth), with EECU being the surviving credit union. In accordance with the Finance Code §122.005(b) and 7 TAC §91.104(b), the Commissioner has the authority to waive or delay public notice of an action.

An application was received from **District 1 THD Credit Union** (Paris) seeking approval to merge with **Northeast Texas Teachers Federal Credit Union** (Paris), with the latter being the surviving credit union. In accordance with the Finance Code §122.005(b) and 7 TAC §91.104(b), the Commissioner has the authority to waive or delay public notice of an action.

Comments or a request for a meeting by any interested party relating to an application must be submitted in writing within 30 days from the date of this publication. Any written comments must provide all information that the interested party wishes the Department to consider in evaluating the application. All information received will be weighed during consideration of the merits of an application. Comments or a request for a meeting should be addressed to the Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.

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.

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

