



Newsletter

No. 11-13



November 20, 2013



Credit Union Department
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Austin, Texas 78752

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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:

Manuel Cavazos IV, Chair
Gary D. Tuma, Vice Chair
Gary L. Janacek
Sherri B. Merket
Allyson "Missy" Morrow
Rob Kyker
Kay Stewart
Vik Vad
A. John Yoggerst

Next Commission Meeting

Friday, February 21, 2014 beginning at 8:00 a.m. in the offices of CUD.

CDFI Fund Opens 2014 Funding Round

The Community Development Financial Institutions Fund is inviting applications from credit unions and other institutions that qualify as CDFIs for grants during its fiscal year 2014 funding round.

The fund, which is administered by the Treasury Department, has allocated \$144 million for CDFI Program awards.

Credit unions designated by NCUA as low-income automatically qualify to seek assistance from the CDFI Fund, but they must have CDFI certification to apply. Applicants must be certified or recertified by June 1, 2014.

The deadline for applications for the CDFI and NACA Programs is **December 23, 2013**, at noon Eastern Time, but the CDFI Fund strongly recommends applications be submitted at least three days before the deadline.



Rules Update to Credit Unions

Change 35, the most recent rules update was sent to credit unions electronically on November 7, 2013. Please contact our office if you have any questions.



Upcoming Holiday Schedule for CUD

The Department's office will be closed on **November 28-29, 2013** in observance of Thanksgiving.



Department Contacts

The Department is available to answer questions regarding regulatory issues that are within our purview. It should be noted that we cannot provide credit unions with legal advice, and any issue that requires a formal opinion by the Commissioner should be submitted in writing. For general questions regarding the topics included below, the appropriate staff member can be reached at (512) 837-9236. The individuals can also be contacted by email using the format: [firstname.lastname@cud.texas.gov](mailto:firstname.lastname@ cud.texas.gov).

Examination-Related:	Robert Baxter or Daniel Buckley
Call Report:	Robert Baxter or Isabel Velasquez
Field of Membership:	Stacey McLarty or Linda Clevlen
Rule/Compliance:	Stacey McLarty, Robert Baxter or Daniel Buckley

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## ***Credit Union Online Profile***

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Whenever there is a change in Directors or Board officer positions, a credit union must update its NCUA Online Profile as soon as practical. After the new information is entered, it is critical that the credit union click on the **save and certify tab**. The Online Profile does not officially update until such time as the new information is saved and certified.

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Rule Review

The Texas Credit Union Commission will review and consider for re-adoption, revision, or repeal **Chapter 93, §§93.101** (Scope; Definitions; Severability), **93.201** (Party Status), **93.202** (Computation of Time), **93.203** (Ex Parte Communications), **93.204** (Contested Case Hearing; Informal Disposition), **93.205** (Notice of Hearing), **93.206** (Default), **93.207** (Service of Documentation on Parties), **93.208** (Delegation of Authority), **93.209** (Subpoenas), **93.210** (Discovery; Protective Orders; Motions to Compel), **93.211** (Administrative Record), **93.212** (Proposal for Decision) **93.213** (Appearances and Representation), **93.214** (Recovery of Department Costs), **93.301** (Finality of Decision; Request for SOAH Hearing; Waiver of Appeal), **93.302** (Referral to ADR), **93.303** (Hearings on Applications), **93.305** (Appeals of All Other Applications for Which No Specific Procedure is Provided by this Title), **93.401** (Appeals of Cease and Desist Orders and Orders of Removal), **93.402** (Stays), **93.501** (Appeals of Orders of Conservation), **93.502** (Retention of Attorney), **93.601** (Appeal to the Commission), **93.602** (Decision by the Commission), **93.603** (Oral Arguments Before the Commission), **93.604** (Motion for Rehearing), and **93.605** (Final Decisions and Appeals) 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 31, 2013.

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.



ACH Risk Management

Credit unions that process Automated Clearing House (ACH) transactions are faced with multiple levels of risks. Although the ACH Network provides a reliable and efficient service for the electronic transfer of funds, the relationships between the parties involved in the processing of these types of transactions are inherently risky. Because a credit union is responsible for each ACH entry it initiates, it must proactively manage the variety of risk associated with this activity.

Credit unions that choose to engage in ACH transactions with high-risk originators face increased legal, reputation, credit, transaction, and compliance risks. High-risk originators include businesses engaged in unusual or questionable business activities or that have an unusually high volume of unauthorized returns.

Before any credit union engages in high-risk ACH activities, the board of directors should consider carefully the risk associated with these activities, particularly the legal and reputation risks presented by relationships with the business including risks associated with customer complaints, returned items, and potential unfair or deceptive practices. The board should provide clear direction to management on whether, or to what extent, the credit union may engage in such ACH activities. As recent headlines have indicated, a credit union that does not have appropriate controls to fully address the risk in these relationships may be viewed as facilitating the businesses' inappropriate or unlawful activity. Credit unions actively involved in ACH activity are encouraged to have a designated Accredited ACH Professional (AAP) on staff. The AAP is a professional designation issued by NACHA (the Electronic Payments Association). Having an AAP certified professional on staff can assist a credit union in improving their operational processes, ensuring compliance, and reducing risk.

Applications Approved

Applications approved since October 16, 2013 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
<i>Field of Membership – Approved:</i>	
Doches Credit Union (Nacogdoches)	See Newsletter No. 08-13
Texas Telcom Credit Union (Dallas)	See Newsletter No. 08-13
<i>Merger or Consolidation – Approved:</i>	
Lincoln City CU (Houston) and Team Financial FCU (Houston)	See Newsletter No. 07-13



Applications Received

The following applications were received and will be published in the November 29, 2013 issue of the *Texas Register*.

Field of Membership Expansion:

Harlingen Area Teachers Credit Union, Harlingen, Texas. The proposal would permit persons who live, work, attend school or worship in, and businesses located within the city of Raymondville or Lyford, 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.

Articles of Incorporation:

An application was received from **Navy Army Community Credit Union** (Corpus Christi) to amend its Articles of Incorporation relating to place of business.

An application was received from **Harlingen Area Teachers Credit Union** (Harlingen) to amend its Articles of Incorporation. The credit union is proposing to change its name to Rio Grande Valley 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. 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.

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, 2013	Friday, December 13
January, 2014	Friday, January 17

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*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

