



# Newsletter

No. 04-14



April 16, 2014



**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.*

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### 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, June 20, 2014 beginning at 8:00 a.m. in the offices of CUD.*

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## ***Distributed Denial of Service Attacks***

The NCUA and other regulators in the Federal Financial Institutions Examination Council have reminded all financial institutions, by means of a [Joint Statement](#), of the risks associated with the continued distributed denial of service (DDoS) attacks on public-facing Web sites. The Joint Statement also outlines the steps that institutions are expected to take to address these attacks, and provides resources to help institutions mitigate the risks posed by such attacks.

The Joint Statement indicates that DDoS readiness should be addressed as part of an institution's ongoing information security and incident plan. To that end, each institution should:

- monitor incoming traffic to its public website;
- activate incident response plans if it suspects that a DDoS attack is occurring; and
- ensure sufficient staffing for the duration of the attack, including the use of pre-contracted third-party servicers, if appropriate.

Credit unions should ensure that their in-house information technology units or their service providers are taking appropriate action to mitigate this risk.



## ***Credit Union Financial Trends***

The 2013 Credit Union Financial Trends report is now available on our website. You can locate this report under "Reports and Publications" tab in the "CUD Financial and Statistical Reports section".



## ***Rule Review***

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The Texas Credit Union Commission will review and consider for re-adoption, revision, or repeal **Chapter 91, §§91.701** (Lending Powers), **91.703** (Interest Rates), **91.704** (Real Estate Lending), **91.705** (Home Improvement Loans), **91.706** (Home Equity Loans), **91.707** (Reverse Mortgages), **91.708** (Real Estate Appraisals or Evaluations), **91.709** (Member Business Loans), **91.710** (Overdraft Protection), **91.711** (Purchase and Sale of Member Loans), **91.712** (Plastic Cards), **91.713** (Indirect Lending), **91.714** (Leasing), **91.715** (Exceptions to the General Lending Policies), **91.716** (Prohibited Fees), **91.717** (More Stringent Restrictions), **91.718** (Charging Off or Setting Up Reserves), **91.719** (Loans to Officials and Senior Management Employees), and **91.720** (Small-Dollar, Short-Term Credit) 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.

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 **May 9, 2014**.

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.

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## ***Last Chance to Complete Annual Survey***

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The Department's Annual Credit Union Survey closes at **5:00 p.m., on Friday, May 9, 2014**, so if you have not already, now's the time to make your voice heard. The survey, which takes less than 5 minutes to complete, will be used to facilitate improvements that will benefit the Department and credit unions. Questions about the survey may be directed to: [info@cud.texas.gov](mailto:info@ cud.texas.gov).

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## *Hurricane Preparation*

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“I know but...I never thought that my credit union would be impacted by a hurricane.”

Unfortunately, this statement made by a credit union president impacted by Hurricane Rita in 2005, is indicative of the reasoning by many credit unions across the state. Although major hurricanes are relatively rare, they do occur and can be deadly. The only effective way that a credit union can mitigate or diffuse the effects of a hurricane is to prepare for it.

The main hazards caused by hurricanes most often involve loss of power, flooding, and the inability to access facilities. Credit unions may also be impacted by structural damage as well. Precautions should be taken in the event that this occurs. Always prepare for the worse. The main effort, therefore, should be geared to assuring that your credit union can continue to function even though it may have experienced a prolonged power outage, flood, structural damage, and/or the inability of employees to get to work. While a hurricane does provide some advance warning, this warning does not provide enough time to adequately prepare for continued business continuity.

What is required is a serious, thoughtful and committed approach to the challenge of recovering your credit union's business, whether your credit union is in a hurricane risk area or not. Having a sound and well-tested Emergency Preparedness and Business Resumption Plan; one in which your employees have been fully trained; can enable your business to successfully “weather” any storm.



## *Serving Members with Disabilities*

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The Americans with Disabilities Act of 1990 ("ADA"), requires financial institutions, including credit unions, to make reasonable modifications to policies, practices, or procedures to afford access to persons with disabilities that is equal to the access afforded to individuals without disabilities and provide auxiliary aids and services when necessary to ensure effective communication with individuals with disabilities. In practical terms, this includes equipping ATMs to allow equal access for individuals with visual impairments, ensuring accessibility of website content to all users, facilitating telephone contact for persons with speech and hearing impairments, as well as eliminating physical barriers for persons with physical disabilities. Although it is necessary and even laudable to implement security procedures to avoid fraudulent transactions, credit unions should take care that such policies and procedures do not tend to screen out persons with disabilities and prevent them from fully and equally enjoying any of the credit union's its goods, services, facilities, privileges, advantages, or accommodations. <sup>1</sup>

All credit union should have a written policy for dealing with members with disabilities and staff should be trained to respond appropriately to persons with disabilities. The act allows for an affirmative defense for entities to avoid accommodations which are unreasonable, create an undue burden, or are simply unfeasible. The policies and practices considered reasonable may depend on the amount of resources available to each credit union. To avoid reputation risk and risk of losses from civil or administrative actions, each credit union should review its level of compliance with the ADA and make changes as appropriate. For further information, see Title III of the Americans with Disabilities Act of 1990, 42 U.S.C. §§ 12181 - 12189, and the Title III implementing regulation, 28 C.F.R. pt. 36.

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<sup>1</sup> See 42 U.S.C. § 12182(b)(2)(A)(i) and 28 C.F.R. § 36.301(a)

## ***Communications with the Credit Union Department***

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The Department continues to accept communications from credit unions and the public in every traditional manner. However, in recent years, the Department has experienced a shift toward receipt of a significant percentage of communications via e-mail. Credit union leadership along with industry participants often use email to communicate with the Department. To improve processes and better serve the public and credit unions, the Department has established a central e-mail address for electronic communications. [CUDmail@cud.texas.gov](mailto:CUDmail@ cud.texas.gov) is the central mailbox for Department communications. The mailbox is checked throughout the business day and all communications are re-routed as necessary from this mailbox. There is no need to “cc” Department staff when messages are sent to [CUDmail@cud.texas.gov](mailto:CUDmail@ cud.texas.gov), as all correspondence is logged and appropriately re-routed. This not only expedites the treatment of all e-mail communications; but, by centralizing receipt for tracking purposes the Department is able to improve efficiency. Please update your address books with [CUDmail@cud.texas.gov](mailto:CUDmail@ cud.texas.gov), as the primary e-mail address for the Department.



## ***Publication Deadlines***

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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>
May, 2014	Friday, May 16
June, 2014	Friday, June 13



## ***Applications Approved***

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Applications approved since March 19, 2014 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
<i>Charter Change – Approved:</i>	
Educators Credit Union (Waco)	50 Years to Perpetuity



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## *Applications Received*

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Continued from page 4

The following applications were received and will be published in the April 25, 2014 issue of the *Texas Register*.

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### *Field of Membership Expansion:*

**Texas Trust Credit Union** (Mansfield) – To permit The University of Texas at Arlington Alumni Association, its employees, and members who qualify for membership in accordance with its Bylaws in effect on July 27, 2013, 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.



*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

