



Newsletter

No. 05-14



May 21, 2014



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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

Rob Kyker, Vice Chair

Gary D. Tuma

Gary L. Janacek

Sherri B. Merket

Allyson "Missy" Morrow

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.

CDFI Guarantee Bond Program

The Community Development Financial Institutions Bond Guarantee Program is currently accepting applications from qualifying credit unions with up to \$750 million in bond guarantee authority available this year. The deadline for submitting an application is June 30.

Any credit union with NCUA's low-income designation is eligible for Treasury's CDFI designation. Information on how to become certified in order to apply for the bond guarantee program is available on the program's [website](#).



FFIEC Announces Cyber Security Assessments

The Federal Financial Institutions Examination Council (FFIEC) has announced that member agencies, including the NCUA, will start conducting cyber security-related vulnerability and risk-mitigation assessments later this year. The purpose of the assessment is to help FFIEC make informed decisions about the state of cyber security, address gaps and prioritize necessary actions to strengthen supervisory programs.

Part 748 of NCUA Rules and Regulations requires credit unions to develop a written information security program designed, in part, to safeguard confidential member data. With the increase in data breaches, credit unions should ensure they have the necessary network protection tools in place to reduce the risk of a data breach. Network protection measures should be addressed in the information security program.

An incident response plan is also important in that it describes the credit union's actions to be taken in the event of a breach of confidential member data. Credit unions should ensure their incident response plan is up-to-date and tested.



Policies and Procedures

In the course of an examination, Department staff look to the credit union's policies and procedures to determine how the credit union conducts its business. The policies (board approved) delineate the credit union's own "rules" on how it will operate within its regulatory limitations. Procedures are better defined as "instructions" on how to perform a given activity. From a clear understanding of these documents, an examiner can assess the level of internal controls that the board and management have in place to ensure the safe and sound operation of the credit union.

Regulations establish the absolute limitations for business activity, and board approved policies establish internal limitations consistent with the credit union's business plan. A clear policy eliminates errors. Credit union staff and management can look to a well written policy to understand what is authorized and what is not. A comprehensive policy provides the basis for consistent application of a credit union's business plan.

Procedures are step-by-step instructions on how and when to perform tasks in support of operational processes. These can include; how to process a loan, how to document a loan file, how and when to reconcile an account. Procedures enable both large and small credit unions to accomplish tasks uniformly and in the event of a vacancy or staff turn-over can allow inexperienced or staff unfamiliar with a process sufficient guidance to accomplish a task.

Thorough and comprehensive policies, supported by detailed procedures are indicative of a well managed credit union. It is not by chance that a credit union is successful; it is through quality leadership and consistent application of its policies and procedures that a credit union can achieve its objectives.

Credit unions should establish "ownership" of both policies and procedures. Who is responsible to ensure they remain current and relevant. Regulations change, systems integral to operations change, and each can result in the need to amend and revise both policies and procedures. Examiners measure the effectiveness of internal controls by not only assessing regulatory compliance; but, also compliance with internal policies and procedures.



Notice of Rules Committee Meeting

The Credit Union Commission will hold a Rules Committee meeting on **Thursday, June 19, 2014, at 2:00 p.m.**, in the Department conference room. The draft agenda will be available on the CUD website the week of June 2nd for your convenience.



Notice of Regular Commission Meeting

The Credit Union Commission will hold its regular meeting on **Friday, June 20, 2014, at 8:00 a.m.**, in the Department conference room. The draft agenda will be available on the CUD website the week of June 2nd for your convenience.



2014 Annual Survey Questionnaire

We would like to thank each of you that participated in the 2014 Annual Survey. The feedback we received from credit unions is valuable, and the Department is committed to continually enhancing its examination and regulatory oversight whenever possible. We are pleased by the positive comments we received, and continue to strive to be an effective and efficient regulator.

We appreciate all of the views expressed and would like to encourage you to provide additional comments or suggestions throughout the year. The agency relies on your feedback to identify concerns. Your thoughtful comments contribute to the success of our agency.



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>
June, 2014	Friday, June 13
July, 2014	Friday, July 11



Applications Approved

Applications approved since April 16, 2014 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
<i>Field of Membership – Approved:</i>	
Community Resource Credit Union (Baytown)	See Newsletter No.03-14



Applications Received

The following applications were received and will be published in the May 30, 2014 issue of the *Texas Register*.

Field of Membership Expansion:

Associated Credit Union of Texas (League City) (#1) – To permit persons who live, work, worship, or attend school in and businesses and other legal entities located in Harris County, Texas, to be eligible for membership in the credit union.

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Applications Received

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Associated Credit Union of Texas (League City) (#2) – To permit persons who live, work, worship, or attend school within a ten-mile radius of the ACUTX office located at 7640 Fry Road, Cypress, 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.



Holiday Schedule for CUD

The Department's office will be closed on **Monday, May 26, 2014**, in observance of Memorial Day.



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

