



Newsletter

No. 05-15



May 20, 2015



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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 19, 2015 beginning at 8:00 a.m. in the offices of CUD.

Hurricane Season Begins June 1

A pair of expert hurricane forecasters at Colorado State University (CSU) recently released their prediction for the upcoming 2015 season, which runs from June 1 through November 30. Their annual report notes that this year's hurricane season will be "well below average." In fact, the pair predicts the upcoming season will be "one of the least active seasons since the middle of the 20th century."

The CSU researchers have predicted that there will be seven named storms during the Atlantic hurricane season. Three of those storms are expected to become hurricanes and one will likely reach major hurricane strength with sustained winds of more than 110 miles per hour. That is well below the historical average annual prediction of 12 named storms, six hurricanes and two major hurricanes. When hurricane season ended last year, there had been eight named storms, six hurricanes and two major hurricanes.

Although this year's hurricane season is predicted to be below average, the Department reminds credit unions that an "active" season for them is not the number of hurricanes predicted, but the one that makes landfall in or around the credit union's local service area. Credit unions in the Houston and Port Arthur areas - survivors of Hurricane Rita and Hurricane Ike - can attest to that.



Notice of Rules Committee Meeting

The Credit Union Commission will hold a Rules Committee meeting on **Thursday, June 18, 2015, at 2:00 p.m.**, in the Department conference room. The draft agenda will be available on the CUD website the week of June 1st for your convenience.



Notice of Regular Commission Meeting

The Credit Union Commission will hold its regular meeting on **Friday, June 19, 2015 at 8:00 a.m.**, in the Department conference room. The draft agenda will be available on the CUD website the week of June 1st for your convenience.



The “Bad Member” Who Complains

Most members who complain about a credit union’s conduct to the Department are responsible, hard-working, well-intentioned people who are confused or concerned by something that happens at their financial institution. And, most of the time, credit unions provide excellent customer service in response to their complaints – by providing consumer education to eliminate confusion, resolving any errors promptly, and sometimes going the extra mile to help when the member made an error.

Occasionally, however, the Department receives a complaint from a consumer who evidences what credit unions might consider “bad character.” The complainant may be the member who is just consistently terrible at managing their accounts, has been loud and angry at front-line staff, has been evasive with the collections Department about the location of collateral or ability to pay, has appeared to be intoxicated in the lobby, or aggressively pursued conversations with the credit union president or CEO over every minor concern or difference of opinion. Credit union staff may even believe the member is using the Department’s complaint process as a manipulative tool to get their own way. Perhaps a credit union employee, observing the spending habits of the member in their account history, finds the member’s activities to be morally objectionable (e.g. gambling, alcohol, late-night purchases in sketchy parts of town).

The Department does not regulate the conduct of credit union members/customers. Credit unions’ responsibility for their members conduct includes (as appropriate) reporting certain transactions under the Bank Secrecy Act, referring cases of suspected fraud or theft to law enforcement, and expulsion from membership under Section 3.04 of the credit union’s bylaws. It is not appropriate for either the Department or a credit union to evaluate or judge members’ based on where and when they legally purchase goods or spend their money. Other member behavior that may be annoying or upsetting does not change the credit union’s or the Department’s responsibility to follow the law and rules.

Credit Union Department staff must treat each complaint equally, without speculating on the complainant’s motives or judging their conduct. When a complaint comes through the Department process, the credit union has an opportunity to answer the member’s substantive questions or concerns in the complaint. It is generally not helpful if the credit union’s response spends a lot of time on the conduct of the complainant unless it is directly pertinent to the complaint; it is never useful to speculate about the motives of the complainant in the response. Credit union responses should focus on the objective facts - primarily on their own conduct and staff compliance with law, rules, bylaws, and policies. Even if the complainant is clearly a “bad actor” with nefarious motives, it does not relieve the credit union of its obligations to comply with the law or to remedy its errors when it has failed to fully comply. Department staff understand how frustrating it can be for credit unions to see the “bad member” seem to “win” when the complaint process uncovers an error whose resolution requires the credit union to refund fees, provide credit for an unauthorized transaction, or restore other membership rights and benefits. However, the Department’s role is not to judge “good guys” and “bad guys” or “winners” and “losers” in the complaint process, but to promptly and thoroughly investigate member complaints and facilitate the resolution of errors and violations under the Department’s jurisdiction.



Holiday Schedule for CUD

The Department's office will be closed on **Monday, May 25, 2015** in observance of Memorial Day.



2015 Annual Survey Questionnaire

We would like to thank each of you that participated in the 2015 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>
May, 2015	Friday, May 15
June, 2015	Friday, June 12



Applications Approved

Applications approved since April 15, 2015 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
<i>Field of Membership Change – Approved:</i> Texas Bay Area Credit Union (Houston)	See Newsletter No. 03-15
<i>Merger or Consolidation – Approved:</i> City County FCU and WesTex Community CU (Kermit)	See Newsletter No. 12-14



Applications Received

The following applications were received and will be published in the May 29, 2015 issue of the Texas Register.

Field of Membership Expansion:

Mobility Credit Union (Irving) – To permit members of Friends of Consumer Freedom who work or reside in those areas that are serviced by United States Postal Zip Codes 76105, 76111, 76106, 76179, 76131, 76052, 76262, 75022, 75028, 75057, 75024, 75023, 75093, 75075, 75080, 75081, 75243, 75231, or 76010, to be eligible for membership in the credit union.

Community Resource Credit Union (#1) (Baytown) – To permit persons who work, reside, or attend school, and businesses located within the boundaries of Chambers County, Texas, to be eligible for membership in the credit union.

Community Resource Credit Union (#2) (Baytown) – To permit persons who work, reside, or attend school, and businesses located within the boundaries of Liberty County, Texas, to be eligible for membership in the credit union.

Community Resource Credit Union (#3) (Baytown) – To permit persons who work, reside, or attend school, and businesses located within the boundaries of 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.

Articles of Incorporation:

Texas Bay Area Credit Union (Houston) – The credit union is proposing to change its name to Texas Bay Credit Union.

Merger or Consolidation:

An application was received from **Federal Employees Credit Union** (Texarkana) seeking approval to merge with **FCI Federal Credit Union** (Texarkana). FCI Federal Credit Union will be the surviving 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.



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

