



Newsletter

No. 11-15



November 18, 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
Allyson "Missy" Morrow, Vice Chair
Beckie Stockstill Cobb
Yusuf E. Farran
Steven "Steve" Gilman
Sherri Brannon Merket
Gary D. Tuma
Kay Stewart
Vik Vad

Next Commission Meeting

Friday, March 4, 2016 beginning at 9:00 a.m. in the offices of CUD.

Deputy Commissioner to Retire

Deputy Commissioner Robert N. Baxter, II has announced his retirement from the Credit Union Department, effective January 31, 2016. Robert began his career with the Department on September 20, 1982, as a field examiner in Dallas, Texas, and has served in a number of positions within the agency over the years; his appointment to serve in his current capacity as Deputy Commissioner was approved by the Credit Union Commission on October 17, 2014.

In making the announcement to Department staff, Robert noted that he was very optimistic about the future direction of the Department, and sincerely regrets that he will not be able to contribute to the successful implementation of the strategic initiatives currently being developed as a part of the agency's long-term vision to meet the growing needs of the credit unions it regulates. He also indicated that it will be extremely difficult to leave behind the personal and professional relationships that he has forged with many of his coworkers and industry colleagues over the last 33 years. However, due to recent life changing events concerning his health, the time commitment involved in overcoming health related concerns would materially impact his ability to continue to effectively carry out his duties and responsibilities as the Deputy Commissioner.

Throughout his career, Robert Baxter has demonstrated integrity and an enduring commitment to this Department and its mission. His contributions will always be valued and remembered. Robert's hard work and dedication are worthy of admiration. He will be greatly missed.

Robert will continue to have an active role in the Department, and plans to continue working up to his retirement date. However, he humbly requests that his privacy be respected regarding health related concerns.



Invitation for Comments on Proposed Amendments to Field of Membership Rules

The Department is requesting comments on proposed changes to rules that affect a credit union's field of membership (**Rules 91.101 and 91.301**). Among other things, the proposed changes would revise and update certain definitions and expand the local service requirement to a newly delineated market area with certain limitations.

As part of the rulemaking process, the Department seeks comments from all interested parties. The proposed text are available at this [link](#). The deadline to submit comments is November 30. Please submit comments to CUDmail@CUD.texas.gov.



Cyber Attacks Involving Extortion

The Federal Financial Institutions Examination Council (FFIEC) has issued a statement to notify financial institutions of the increasing frequency and severity of cyber attacks involving extortion. Financial institutions face a variety of risks from cyber attacks involving extortion, including liquidity, capital, operational, compliance, and reputation risks, resulting from fraud, data loss, and disruption of service. The [FFIEC Statement](#) reinforces the importance of maintaining effective programs to identify, protect against, detect, respond to, and recover from these types of attacks.



Rules Update to Credit Unions

Change 42, the most recent rules update was sent to the credit unions electronically on November 9, 2015. Please contact our office if you have any questions.



NCUA Opens First 2016 Consulting Round for Nominations

Eligible credit unions interested in NCUA's consulting services in the first half of 2016 have until November 30 to submit nominations.

NCUA's economic development specialists assist eligible credit unions in determining how to improve their strategic planning and new product development. The consulting services are offered through the agency's Office of Small Credit Union Initiatives and are provided at no charge.

Credit unions may nominate their own institutions for the program, or an NCUA examiner may make the nomination. To be eligible, a credit union must meet one of the following criteria:

NCUA Opens First 2016 Consulting Round for Nominations

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- ❖ have total assets of less than \$100 million;
- ❖ have been chartered for fewer than 10 years;
- ❖ classify as a minority depository institution; or
- ❖ have a low-income designation.

NCUA's first consulting period of 2016 runs January 1 through June 30. The consulting program application is available [online](#).

Credit unions chosen for the program will be announced in December; institutions that are not picked in the first round may apply again in later rounds.



Recent Home Equity Development

Case No. 14-0714, *Wood v. HSBC Bank USA*, is pending before the Supreme Court of Texas and scheduled for oral argument on December 8, 2015. In a nutshell, Mr. and Mrs. Wood obtained a home equity loan in 2004. They were charged fees in excess of 3 percent in violation of Tex. Const. art. XVI sec. 50(a)(6)(E). More than 4 years later, the homeowners notified the lender and asked the lender to cure the defects. The lender failed to cure under Tex. Const. art. XVI sec. 50(a)(6)(Q)(x)(a). The homeowners filed a lawsuit seeking a declaration that the Deed of Trust was void and that the principal and interest on the promissory note be declared forfeited. The lender did not dispute that the lien and loan violated the Texas Constitution's cap on fees, but claimed that the homeowners' cause of action was barred by the four-year statute of limitations. The trial court and the 14th Court of Appeals agreed that the lawsuit was barred by the four-year statute of limitations. The issue is now before the Supreme Court of Texas and the Department is closely monitoring the lawsuit.



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, 2015	Friday, December 11
January, 2016	Friday, January 15



Applications Approved

Applications approved since October 21, 2015 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
<i>Field of Membership Change – Approved:</i> Union Square Credit Union (Wichita Falls)	See Newsletter No. 09-15

Applications Received

The following application was received and will be published in the November 27, 2015 issue of the Texas Register.

Field of Membership Expansion:

Prestige Community Credit Union (Dallas) – To permit persons who live, work, worship, or attend school within a 10-mile radius of the Prestige Community Credit Union branch located at the southeast corner of Custer Road and Collin McKinney Parkway, McKinney, Texas 75070, 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 **Neighborhood Credit Union** (Dallas) seeking approval to merge with **Pegasus Community Credit Union** (Dallas). Neighborhood 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.



Upcoming Holiday Schedule for CUD

The Department's office will be closed on **November 26-27, 2015** in observance of Thanksgiving.



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

HAPPY



THANKSGIVING!