



# Newsletter

No. 04-15



April 15, 2015



**Credit Union Department**  
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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  
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.*

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

The 2014 Credit Union Financial Trends report is now available on our website. You can locate this report under "Reports and Publications" tab in the "Credit Union Statistics section".



## ***Credit Union Rankings***

This report is now available on our website. Under "Reports and Publications" tab in the "Credit Union Statistics section" you can view the 2014 Credit Union Rankings by Asset size.



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

The Department's Annual Credit Union Survey closes at 5:00 p.m. on Friday, May 8, 2015, 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: [cudmail@cud.texas.gov](mailto:cudmail@cud.texas.gov).



## Rule Review

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The Texas Credit Union Commission will review and consider for re-adoption, revision, or repeal Chapter 91, §§91.801 (Investments in Credit Union Service Organizations), 91.802 (Other Investments), 91.803 (Investment Limits and Prohibitions), 91.804 (Custody and Safekeeping), 91.805 (Loan Participation Investments), 91.808 (Reporting Investment Activities to the Board of Directors), 91.901 (Reserve Requirements), and 91.902 (Dividends) 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 [cudmail@tud.texas.gov](mailto:cudmail@tud.texas.gov). **The deadline for comments is May 8, 2015.**

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.



## Money Services Business

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In December 2014, NCUA issued a supervisory letter to credit unions (Letter No. 14-CU-10) regarding money services businesses (MSBs). The letter does three things: First, the letter gives background information on MSBs, explains how MSBs pose risk to credit unions, and lists expectations for credit unions. Second, the letter details exam procedures. Credit unions working with MSBs will want to review this section of the letter before an examination. Last, the NCUA lists additional guidance documents relevant to MSBs, including guidance issued by the Federal Financial Institutions Examination Council (FFIEC).



## *Where There's Smoke, There's (Not Necessarily) Fire*

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Occasionally, the Department receives questions concerning the number of complaints that have been filed against all credit unions or against a particular credit union. The Department regularly reports information regarding the total numbers of complaints against credit unions, the general topics of complaints, and the average time it takes the Department to respond to complaints, as part of our Agency Performance Measures. Complaint information pertaining to specific credit unions is considered confidential and the Texas Attorney General's office has consistently upheld the Department's duty to limit access to this information.

While tracking the number of complaints and the time it takes to resolve them can provide useful information about this aspect of the agency workload, the number of complaints does not, in itself, provide any useful information about the condition of a credit union. Overall, there are very few complaints against state chartered credit unions. The highest absolute numbers of complaints filed with the Department are correlated with the size of the credit union and with the breadth of the field of membership. Larger credit unions typically get more complaints than the smaller ones, but the number of complaints per 100 members may actually be the same as the smaller credit unions (or lower). Credit unions with broad memberships, including lower income, less-sophisticated members get more complaints than the ones with a narrow field of better-educated, wealthier members. The former membership pool includes people who are less likely to have a history of trust in financial institutions, more likely to misunderstand the terms of service, more likely to have insufficient funds/repossessions, and more likely to be in dire financial straits when they make errors; these factors result in more complaints against a credit union, even if the credit union has made no errors and is providing high-quality customer service to the member. Credit unions who reach out to members in this more challenging demographic provide a valuable service to the public and advance the ideals of the credit union movement. No credit union should be discouraged by the occasional complaint from a member. It is often a way for credit unions to understand the difficulties members face and attempt to address their needs.

More important than the number of complaints is how a credit union responds to those complaints. When evaluating the response, the Department considers the following: Does the credit union take the complaint seriously and investigate the member concern (even if the complaint is angry, rambling, or full of grammar errors)? Does the credit union provide a clear explanation of its response? Does the credit union provide appropriate supporting documents with its response? Does the credit union work to resolve any errors it has discovered in its own conduct (if applicable)? It is worth noting that credit unions have never been penalized by the Department when they discovered an error raised by a complaint and took steps to resolve that error with the member.

Customer service can go a long way to resolving member concerns. Some credit unions go the extra mile in response to their complaints by offering member education and occasionally waiving fees even when there is no error on the part of the credit union. This is by no means a requirement, though – For example, if the credit union is properly following its NSF fee policy, then it certainly does not have to refund those fees, and the Department will support the credit union's conduct 100%. The Department understands that, despite the best efforts of the credit union, some members will not be satisfied with the response to their complaint. The Department also works to provide excellent customer service to credit unions and members, offering consumer education to members and assistance to credit unions to resolve outstanding issues. Credit unions and members should feel free to contact the Department with questions or concerns at any time.



## 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, 2015	Friday, May 15
June, 2015	Friday, June 12



## Applications Approved

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Applications approved since March 18, 2015 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
<i>Field of Membership Change – Approved:</i>	
<b>Promise Credit Union</b> (Houston)	See Newsletter No. 01-15
<i>Merger or Consolidation – Withdrawn:</i>	
<b>Corps of Engineers FCU and Tarrant County’s CU</b> (Fort Worth)	See Newsletter No. 12-14
<i>Charter Change – Approved:</i>	
<b>Space City Credit Union</b> (Houston)	50 Years to Perpetuity



## Applications Received

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The following applications were received and will be published in the April 24, 2015 issue of the Texas Register.

*Field of Membership Expansion:*

**Neighborhood Credit Union** (Dallas) – To permit Texas residents who are members of the American Consumer Council, to be eligible for membership in the credit union.

**First Service Credit Union** (#1) (Houston) – To permit persons who live, work, attend school and business entities located within a 10-mile radius of the First Service Credit Union branch office located at 7720 FM 1960 Rd. E, Humble, TX 77346, to be eligible for membership in the credit union.

**First Service Credit Union** (#2) (Houston) – To permit persons who live, work, attend school and business entities located within a 10-mile radius of the First Service Credit Union branch office located at 23665 Katy Freeway, Katy, TX 77494, to be eligible for membership in the credit union.

Continued from page 5

## Applications Received

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Continued from page 4

**Public Employees Credit Union** (#1) (Austin) – To permit persons who live, worship, attend school or work within the confines of Travis County, Texas, to be eligible for membership in the credit union.

**Public Employees Credit Union** (#2) (Austin) – To permit persons who live, worship, attend school or work within the confines of Williamson 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.



*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

