



# Newsletter

No. 08-17



August 16, 2017



**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:**

Allyson "Missy" Morrow, Chair  
Sherri Brannon Merket, Vice Chair  
Beckie Stockstill Cobb  
Yusuf E. Farran  
Steven "Steve" Gilman  
Jim Minge  
Kay Stewart  
Rick Ybarra

## **Next Commission Meeting**

*Friday, November 3, 2017 beginning at 9:00 a.m. in the offices of CUD.*

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## **Security Awareness Training**

Even the best-designed security controls cannot fully protect a credit union from one uninformed employee, contractor, or member who unwittingly visits a malicious Web site, opens a malicious email attachment, or clicks on a malicious email link. As a result, credit unions are encouraged to have employees from entry-level staff to the board participate in cybersecurity awareness training. An effective cybersecurity awareness programs should educate employees and board members about the threat environment and encourage them to "**Think Before You Click.**"



## **Final CDFI Certification Application Round**

The NCUA's third and final streamlined application round for Community Development Financial Institutions Fund certifications is now open. The application round runs through September 1.

Credit unions that have NCUA's low-income designation share many of the qualifications required for CDFI certification. Through the streamlined certification process, low-income-designated credit unions can submit data on loan originations and target markets to the NCUA Office of Small Credit Union Initiatives. If the NCUA deems the credit union to be qualified, the agency will give the credit union an application form and the data needed to complete it.

The CDFI Fund is run by the Treasury Department. Last year, the NCUA and Treasury signed a memorandum of understanding to facilitate increased credit union involvement in the fund, with the aim of doubling the number of CDFI-certified credit unions.



## ***Operating Fee***

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During the week of August 28<sup>th</sup>, invoices for the first installment of the Operating Fee for Fiscal Year 2018 will be mailed to all credit unions. All fees must be received on or before **September 30, 2017** to avoid the payment of any penalties. If you do not receive an invoice, please contact Isabel Velasquez at (512) 837-9236.



## ***Amendments on Remote Deposit Capture Increases Risk***

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The Federal Reserve Board recently issued the final amendments to the check collection and return provisions of Subpart C in Regulation CC, which becomes effective July 1, 2018. The amendments protect a credit union receiving an original paper check for deposit which is returned unpaid to that credit union, if that check was previously deposited at another depository institution via remote deposit capture (RDC).

Credit Unions providing RDC service are in the best position to minimize this potential fraud. However, the indemnity does not apply if the original check contains a **restrictive endorsement**, such as “for mobile deposit only”. [RE1]

Credit unions are encouraged to mitigate the risks created by the new RDC indemnity by implementing sound internal controls. Those controls include, but are not limited to, the following:

- Perform due diligence on members to qualify them for RDC service;
- Establish deposit file limits (i.e. single checks, daily, weekly, monthly, etc.) for members qualifying for RDC service;
- Adopt an RDC agreement with members that hold the member liable for any checks deposited via RDC;
- Require members to restrictively endorse the original checks prior to scanning. The RDC agreement should require members to restrictively endorse the original checks, such as “for Mobile Deposit Only”, etc.;
- Contractually require business members qualifying for RDC service to provide updated financial data (i.e. financial statements and/or tax returns) on an annual basis to detect changes in their financial condition; and
- Perform a manual review of check images transmitted for deposit by new RDC users for the first 30 to 60 days to confirm compliance with the new restrictive endorsement requirement.



## ***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.

<b><u>Publication Date</u></b>	<b><u>Application Deadline</u></b>
September, 2017	Friday, September 15
October, 2017	Friday, October 13

## ***Applications Approved***

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Applications approved since **July 19, 2017** include:

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### Credit Union

### Changes or Groups Added

*Field of Membership Change – Approved:*

**Texell Credit Union** (Temple)  
**Amplify Credit Union** (Austin)

[See Newsletter No. 05-17](#)  
[See Newsletter No. 06-17](#)

*Articles of Incorporation Change – Approved:*

**Centex Citizens Credit Union** – (Mexia)  
**Southern Star Credit Union** – (Houston)  
**American Baptist Association Credit Union** – (Alvin)

[See Newsletter No. 06-17](#)  
[See Newsletter No. 06-17](#)  
[See Newsletter No. 06-17](#)



## ***Applications Received***

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The following applications were received and will be published in the **August 25, 2017** issue of the *Texas Register*.

*Field of Membership Expansion:*

**City Credit Union** (Dallas) – Persons who work, worship, reside or attend school in Rockwall County, Texas.

*Articles of Incorporation:*

**Credit Union of Texas** (Dallas) – The credit union is proposing to change the location of the principal place of business of the credit union to 8131 LBJ Freeway, Suite 500, Dallas, Texas, 75251.

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

