



Newsletter

No. 12-19



December 18, 2019



Credit Union Department

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The Credit Union Department (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:

Yusuf E. Farran, Chair
Sherri Brannon Merket, Vice Chair
Elizabeth L. "Liz" Bayless
Karyn C. Brownlee
Beckie Stockstill Cobb
Steven "Steve" Gilman
Jim Minge
David F. Shurtz
Kay Rankin-Swan

Next Commission Meeting

Friday, February 7, 2020 beginning at 9:00 a.m. in the offices of CUD.

RBC Delay Approved in Split Vote; New "Capital Framework" Ahead

A delay for the "risk-based capital" (RBC) rule to 2022 was approved by the NCUA Board Thursday, largely based on the presumption that the agency will soon be considering a "suite" of capital reform proposals for credit unions – including a form of additional capital known as "subordinated debt."

In a 2-1 vote (with Board Member Todd Harper dissenting), the board delayed the RBC rule – previously slated to take effect at the start of next year – to 2022. As the rule stands now, it would affect only those "complex" federally insured credit unions with more than \$500 million in assets. The delay approved at the board meeting was the second such for the rule since it was first adopted in 2015. In the meantime, NCUA's prompt corrective action (PCA) requirements remain in effect between now and the time a final RBC rule – or other -- is implemented.



Court Denies Banker Appeal over FOM Rules

A federal court has **turned down an appeal by the banking industry** in its attempt to overturn NCUA field of membership rules upheld by a lower court this summer. The U.S. Court of Appeals for the D.C. Circuit Thursday denied the American Bankers Association's appeal for a rehearing en banc in its lawsuit against NCUA's field of membership rule.



Hemp and CBD Businesses – December 2019

In December 2018 the federal government passed the Agriculture Improvement act of 2018 (“2018 Farm Bill”), removing hemp from the list of controlled substances. Additionally, in June 2019 Governor Greg Abbott signed House Bill 1325 into law, legalizing industrial hemp production and attendant sale of CBD products containing less than .03 percent THC.

Although the recently passed laws provide opportunities for hemp production by Texas farmers and for shops selling CBD products, for credit unions there are still significant issues associated with serving this industry. Whether or not to serve CBD related businesses and/or hemp producers is a business decision each credit union will need to make after careful deliberation of the complexities and risks involved.

In August 2019 NCUA issued a Regulatory Alert that provides interim guidance to credit unions, and a link is provided [here](#). Credit unions that decide to offer services to hemp producers and/or CBD businesses must have BSA/AML compliance programs that are commensurate with the level of complexity and risk associated with these accounts and ensure that they follow FinCEN’s new Customer Due Diligence (CDD) rules. Further, credit unions must file SARs for any activity that appears to involve potential money laundering or illegal or suspicious activity.



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 shown 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>
January 2020	Friday, January 10
February 2020	Friday, February 14



Applications Approved

Applications approved since **November 20, 2019** include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
<i>Field of Membership Change – Approved:</i>	
Memorial Credit Union (Houston)	See Newsletter No. 09-19
Texell Credit Union (Temple)	See Newsletter No. 09-19

Applications Approved (Continued):

Merger or Consolidation – Approved:

THD 6 CU (Odess) and **TxDOT CU** (Abilene)

[See Newsletter No. 03-19](#)

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## ***Applications Received***

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The following application was received and will be published in the **December 27, 2019** issue of the *Texas Register*.

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Field of Membership Expansion:

**Texell Credit Union** (Temple) – Persons who live, work, worship or attend school in Falls, Milam, Lampasas, and Burnet Counties, Texas.

Merger or Consolidation:

An application was received from **MemberSource Credit Union** (Houston) seeking approval to merge with **National Oilwell Varco Employees Credit Union** (Houston), with **MemberSource Credit Union** being the surviving credit union.

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Upcoming Holiday Schedule for CUD

The Department's office will be closed on **December 24-26, 2019** in observance of the Christmas Holidays, and **January 1, 2020** in observance of New Year's 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.

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To learn more about CUD click <http://www.cud.texas.gov> or contact us at 914 E. Anderson Lane, Austin, TX 78752



**The Credit Union Commission and the Staff of the Department would like to extend our best wishes for a New Year of Health, Happiness, and Prosperity!**