



Newsletter

No. 12-20



December 16, 2020



Credit Union Department

914 East Anderson Lane
Austin, Texas 78752

Phone: 512-837-9236

Fax: 512-832-0278

Email: [info@cud.texas.gov](mailto:info@ cud.texas.gov)

Web Site: www.cud.texas.gov

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, March 5, 2021 beginning at 9:00 a.m. in the offices of CUD.

New Joint Home Equity Lending Guidance Issued

The joint financial regulatory agencies (Department of Banking, Department of Savings and Mortgage Lending, Office of Consumer Credit Commissioner, and Credit Union Department) issued new guidance on emergency measures for home equity lenders to consider in response to the COVID-19 pandemic.

On March 13, Governor Greg Abbott declared a state of disaster for all Texas counties due to COVID-19. The agencies anticipate that many lenders will be making new loans to assist in recovery efforts and may need to adjust terms or temporarily extend maturities of existing loans where circumstances warrant and safety and soundness is not compromised. The agencies encourage lenders to work with borrowers, and support measures that will help borrowers recover and provide an opportunity to ultimately repay their debt. At the same time, lenders must ensure they comply with Article XVI, Section 50 of the Texas Constitution to have a valid home equity lien.

In October and November 2020, the Finance Commission and Credit Union Commission adopted amendments to the home equity interpretations in Title 7, Chapter 153 of the Texas Administrative Code. These amendments went into effect on November 26 and are available in the online version of the Texas Administrative Code. The three-page Informational Memorandum can be found at the following [link](#).



Thanks to McWatters

Commissioner Kolhoff and the Texas Credit Union Commission would like to express the state system's thanks to Texas native J. Mark McWatters for his efforts as both a member and chairman of the NCUA Board for more than six years. Mr. McWatters announced his resignation from the NCUA Board on November 20th.

Thanks to McWatters (Continued)

“During his tenure Mr. McWatters was a receptive partner to the state system,” Kolhoff said. “One of his many accomplishments included initiating an objective assessment of the old, opaque overhead transfer rate (OTR) methodology, resulting in an overhaul to a more fair, more equitable, and more transparent methodology. Board Member McWatters carefully listened to the state system, provided thoughtful insights and utilized his strong analytical skills to fairly evaluate the needs of the state system, as well as the entire credit union community. We thank him for his service and wish him well on his future endeavors.”



Notice of Known or Suspected Criminal Violations (Commission Rule §91.208)

Credit unions are required under 7 TEX. ADMIN. CODE §91.208 to provide notice to the Credit Union Department (Department) within 30 calendar days for known or suspected criminal violations, including:

- 1) insider abuse of any amount;
- 2) other transactions, including potential money laundering or violations of the Bank Secrecy Act aggregating \$5,000 or more; and
- 3) losses resulting from robbery or burglary.

The notice must be in writing and provided within 30 calendar days of the event. The timeframe may be extended up to 60 days when authorized by regulation.

Most credit unions meet the reporting requirement of the referenced rule by providing a copy of a Suspicious Activity Report (SAR) prepared in accordance with the National Credit Union Administration Rules and Regulations 12 C.F.R. §748.1(c). However, please note that SARs pertaining to activities not listed in the rule, need not be provided to the Department.



Proposed Rule Review

The Texas Credit Union Commission will review and consider for re-adoption, revision, or repeal Chapter 91, **§97.101**, (Meetings), **97.102** (Delegation of Duties), **97.103** (Recusal or Disqualification of Commission Members), **97.105** (Frequency of Examination), **97.107** (Related Entities), **97.113** (Fees and Changes), **97.114** (Charges for Public Records), **97.115** (Reimbursement of Legal Expenses), **97.116** (Recovery of Costs for Extraordinary Services not Related to an Examination), **97.200** (Employee Training Program), **97.205** (Use of Historically Underutilized Businesses), **97.206** (Posting of Certain Contracts; Enhanced Contracts and Performance Monitoring), **97.207** (Contracts for Professional or Personal Service), **97.300** (Gifts of Money or Property), **97.401** (General Requirements), **97.500** (Petitions to Initiate Rulemaking Proceedings), and **97.501** (Hearing on Proposed Rules).

Proposed Rule Review (Continued)

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@cud.texas.gov](mailto:cudmail@ cud.texas.gov). The deadline for comments is **January 18, 2021**.

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.



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.

Publication Date

Application Deadline

January 2021
February 2021

Friday, January 15
Friday, February 12



Applications Approved

Applications approved since **November 18, 2020** include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
<u>Field of Membership Expansion – Approved:</u>	
DATCU (Denton)	See Newsletter No. 09-20
InTouch Credit Union #1 (Plano)	See Newsletter No. 09-20
InTouch Credit Union #2 (Plano)	See Newsletter No. 09-20
InTouch Credit Union #3 (Plano)	See Newsletter No. 09-20
InTouch Credit Union #4 (Plano)	See Newsletter No. 09-20
Firstmark Credit Union (San Antonio)	See Newsletter No. 09-20

Applications Received

The following applications were received and will be published in the **December 25, 2020** issue of the *Texas Register*.

Field of Membership Expansion:

Union Square Credit Union #1 (Wichita Falls) – Persons who live, work, worship or attend school in Cooke County, Texas, to be eligible for membership in the credit union.

Union Square Credit Union #2 (Wichita Falls) – Persons who live, work, worship or attend school in Denton County, Texas, to be eligible for membership in the credit union.

Union Square Credit Union #3 (Wichita Falls) – Persons who live, work, worship or attend school in Grayson County, Texas, to be eligible for membership in the credit union.

Union Square Credit Union #4 (Wichita Falls) – Persons who live, work, worship or attend school in Jack County, Texas, to be eligible for membership in the credit union.

Union Square Credit Union #5 (Wichita Falls) – Persons who live, work, worship or attend school in Montague County, Texas, to be eligible for membership in the credit union.

Union Square Credit Union #6 (Wichita Falls) – Persons who live, work, worship or attend school in Parker County, Texas, to be eligible for membership in the credit union.

Union Square Credit Union #7 (Wichita Falls) – Persons who live, work, worship or attend school in Tarrant County, Texas, to be eligible for membership in the credit union.

Union Square Credit Union #8 (Wichita Falls) – Persons who live, work, worship or attend school in Wise County, Texas, to be eligible for membership in the credit union.

Applications Received (Continued)

Merger or Consolidation:

An application was received from **United Texas Credit Union** (San Antonio) seeking approval to merge with **First Class American Credit Union** (Fort Worth), with United Texas Credit Union being the surviving credit union.

~~~~~

## **Upcoming Holiday Schedule for CUD**

The Department's office will be closed on **December 24-25, 2020** in observance of the Christmas Holidays, and **January 1, 2021** 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.

~~~~~

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!