



Newsletter

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July 18, 2018



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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:

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

Next Commission Meeting

Friday, November 2, 2018 beginning at 9:00 a.m. in the offices of CUD.

5300 June 2018 Call Report Cycle

The 5300 Call Report, with credit union profile updates must be successfully submitted by **Sunday, July 29, 2018, 11:59:59 p.m., EDT** to avoid paying civil money penalties. [Note that this filing deadline has been extended an additional four days then previous submissions]. NCUA will send email reminders before the deadline to credit unions with outstanding call reports. If after attempting submission you receive such an email, please log in to the Credit Union Online immediately, resubmit your call report, and look for the NCUA's confirmation to limit the fine.



Guidelines for Third Party and Vendor Management

The National Credit Union Administration has published an insightful article on items to consider in contracting and maintaining outsourcing relationships. These items may be helpful in vendor management conversations, especially at smaller credit unions. The full article may be viewed at <https://www.ncua.gov/newsroom/Pages/ncua-report/2018/second-quarter/thinking-outsourcing-operations-plan-accordingly.aspx>.



FFIEC Issues New Customer Due Diligence and Beneficial Ownership Exam Procedures

The Federal Financial Institutions Examination Council (FFIEC) has issued new examination procedures on the final rule, “Customer Due Diligence Requirements for Financial Institutions” issued by the Financial Crimes Enforcement Network (FinCEN) on May 11, 2016.

The new procedures replace those in the current “Customer Due Diligence — Overview and Examination Procedures” section of the FFIEC’s *Bank Secrecy Act/Anti-Money Laundering Examination Manual*. In addition, new overview and examination procedures were developed for the beneficial ownership requirements for legal entity customers.

The FFIEC member agencies created these procedures in close collaboration with FinCEN and the U.S. Department of the Treasury. FinCEN’s 2016 final rule clarifies customer due diligence requirements and includes a new requirement for covered financial institutions to identify and verify the identity of beneficial owners of certain legal entity customers. Banks and other covered financial institutions must comply with this rule effective May 11, 2018.

The FFIEC website has an [overview of the Customer Due Diligence policy](#) and the [Beneficial Ownership Requirements for Legal Entity Customers](#).



Information in CU Online

NCUA’s CU Online plays a critical role in our response during disasters like the one we saw with Hurricane Harvey.

The Department relies on information found in the Credit Union Profile during such a disaster to communicate effectively with credit unions. Therefore, prior to an anticipated disaster like a hurricane, we urge credit unions in the potentially affected area to review their emergency contact information in their Profiles to make sure it is up-to-date. A credit union’s primary and secondary emergency contacts should be officials who have decision-making authority. Their contact information should include several ways to reach these individuals, including multiple phone numbers and emails. This information is confidential and will not be shared with the public.

In addition, credit union members need accurate and timely communication as well. Before, during, and after a disaster, credit unions are encouraged to update information on their websites regularly and use a variety of mechanisms, like social media—even text messages—to communicate its operational status, as well as other information to their members.

During a disaster, accurate Credit Union Profile, website and social media information is essential, not only to the Department, but also to your membership. Please ensure that this information is reviewed and updated on a regular basis. During events such as natural disasters this can improve our ability to respond efficiently and effectively, and also help credit unions put their members at ease.



Remote Deposit Capture Indemnity

The 2017 Regulation CC final rule became effective July 1, 2018. Section 229.34(f) creates a new Remote Deposit Capture Indemnity addressing the allocation of liability when a depository institution accepts deposit of a check through remote deposit capture.

The new rule addresses the proposed indemnity provided by a depository institution that accepts a check via remote deposit capture to a financial institution that accepted the original check for deposit, in the event the financial institution that accepted the original check incurred a loss because the check had already been paid. The rule added an exception to the indemnity which would prevent a financial institution from making an indemnity claim if it accepted the original check containing a restrictive endorsement inconsistent with the means of deposit, such as "for mobile deposit only".

The intent of the new exception was to potentially reduce accidental double deposits, and provide incentives for depository institutions that receive remote deposit capture deposits to take steps to minimize intentionally fraudulent deposits. If your credit union accept checks via remote deposit capture, you may want to ensure the language in your remote deposit capture agreement requires your member to add a restrictive endorsement to the check such as "For Mobile Deposit Only," or a similar endorsement.



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>
August 2018	Friday, August 10
September 2018	Friday, September 14



Applications Approved

Applications approved since **June 20, 2018** include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
Field of Membership Change – Denied:	
DATCU (Denton)	See Newsletter No. 03-18



Applications Received

The following applications were received and will be published in the **July 27, 2018** issue of the *Texas Register*.

Merger or Consolidation:

An application was received from **Coastal Community and Teachers Credit Union** (Corpus Christi) seeking approval to merge with **IBEW LU 278 Federal Credit Union** (Corpus Christi), with Coastal Community and Teachers Credit Union being the surviving credit union.

An application was received from **Fellowship Credit Union** (San Antonio) seeking approval to merge with **Randolph Brooks Federal Credit Union** (Live Oak), with Randolph Brooks Federal Credit Union being 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. 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

