



Newsletter

No. 07-21



July 21, 2021



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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, August 27, 2021 beginning at 9:00 a.m. in the offices of CUD.

Proposed Rule Review

The Texas Credit Union Commission (Commission) will review and consider for re-adoption, revision, or repeal, Chapter 91, Subchapter D, concerning powers of credit unions, consisting of §§91.401, (Credit Union Ownership of Property), 91.402 (Insurance for Members), 91.403 (Debt Cancellation Products; Federal Parity), 91.404 (Purchasing Assets and Assuming Deposits and Liabilities of another Financial Institution), 91.405 (Records Retention and Preservation), 91.406 (Credit Union Service Contracts), 91.407 (Electronic Notification), and 91.408 (User Fee for Shared Electronic Terminal).

The Commission will review and consider for re-adoption, revision, or repeal, Chapter 91, Subchapter M, concerning electronic operations, consisting of §§91.4001 (Authority to Conduct Electronic Operations), and 91.4002 (Transactional Web Site Notice Requirement; and Security Review).

The Commission will also review and consider for re-adoption, revision, or repeal, Chapter 91, Subchapter N, concerning emergency or permanent closing of office or operation, consisting of §§91.5001 (Emergency Closing), 91.5002 (Effect of Closing), and 91.5005 (Permanent Closing of an Office).

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 Each rule will be reviewed to determine whether it is obsolete, whether the rule reflects current legal and policy considerations, and whether the rule reflects current procedures of the Credit Union Department.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. The deadline for comments is August 13, 2021.

Proposed Rule Review (Continued)

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 is not 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 the final adoption by the Commission.



Texas Credit Union Department Operations Extended to 2033

On Friday, June 4, 2021, Texas Senate Bill 707 was signed into law by Governor Greg Abbott, extending the Credit Union Department of Texas operations until 2033.

The Texas Sunset Advisory Commission recommended the 12-year extension, stating, “Texas-chartered credit unions have fared well under the state’s current regulatory framework; the Sunset Commission again found the existing organizational structure is the best option and transferring the department would have no benefit at this time.”

John J. Kolhoff, Commissioner of the Credit Union Department, for the state of Texas, commented, “I would like to express my gratitude for the independent review by the Sunset Advisory Commission, the incredible efforts of our staff, the leadership of the Credit Union Commission and the support of the industry.”

The updated law makes the following changes:

- Extending the operations of the Credit Union Department until 2033;
- Requiring the Department to track more comprehensive complaint and enforcement data to support analysis and guide regulatory activities;
- Updating the standard across-the-board requirement related to developing and maintaining a complaints system and making information on complaint procedures available to the public;
- Eliminating the statutory notarization requirement for articles of incorporation in new charter applications;

Texas Credit Union Department Operations Extended to 2033 (Continued)

- Revising the standard across-the-board requirement related to board member training, including the creation of a training manual for each commission member;
- Additionally, requiring the Department to develop a process for notifying and issuing guidance for credit unions about federal statutory or regulatory changes that take effect immediately and conflict with state law.



Home Equity: Electronic Disclosures and Out-of-State Financial Institutions

On **July 26**, the Joint Financial Regulatory Agencies (OCCC, Texas Department of Banking, Department of Savings and Mortgage Lending, and Texas Credit Union Department) will hold an online webinar on home equity interpretation amendments relating to electronic disclosures and out-of-state financial institutions. The agencies will accept informal pre-comments until July 30.



Register for Webinar on Fraud Prevention Resources for Servicemembers

During Military Consumer Month, the National Credit Union Administration is partnering with the Consumer Financial Protection Bureau and the Federal Trade Commission to raise awareness on important consumer financial protection issues related to servicemembers and their families during a webinar that will take place on **July 28**, beginning at 2 p.m. Eastern.

Staff from the NCUA's Office of Consumer Financial Protection, the CFPB, and FTC will highlight federal resources that help servicemembers, veterans, and their families manage their finances and shield themselves against frauds and scams.

Registration for this 45 minutes event [is now open](#). Participants will be able to log into the webinar and view it on their computers or mobile devices using the registration link. They should be sure to allow pop-ups from this website.

To learn more about the "Financial Readiness and Fraud Prevention Resources for Servicemembers, Veterans, and their Families" webinar, please visit the [registration page](#).



5300 June 2021 Call Report Cycle

The 5300 Call Report, with credit union profile updates must be successfully submitted by **Friday, July 30, 2021, 11:59:59 p.m., EDT** to avoid paying civil money penalties. 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 into the Credit Union Online immediately, resubmit your call report, and look for the NCUA's confirmation to limit the fine.



Upcoming Regular Commission Meeting

The Credit Union Commission will hold its Regular meeting on **Friday, August 27, 2021, at 9:00 a.m.**, in the Department's conference room. The meeting packet will be available on the CUD website by August 16.



Guidance Expanded for Assessing Technology Risk

Expanded guidance on assessing the risk profile and adequacy of a credit union's or other financial institution's technology architecture, infrastructure and operations for examiners is provided in a new booklet issued early July by the FFIEC.

The exam council said the booklet replaces the "Operations" booklet issued nearly 17 years ago (in July 2004). According to the FFIEC, the booklet provides examiners with "fundamental examination expectations" on architecture and infrastructure planning, governance and risk management, and operations of regulated entities.

The agency said the booklet discusses the "interconnectedness" among a financial institution's assets, processes, and third-party service providers along with "the principles, processes, potential threats, and examination procedures to help examiners assess whether a financial entity's management adequately addresses risks and complies with applicable laws and regulations."

The booklet updates, the exam council said, reflect the "changing technological environment and increasing need for security and resilience, including architectural design, infrastructure implementation, and operation of information technology systems." They also highlight the importance of providing current information to examiners reviewing an entity's information management practices pertaining to safety and soundness, consumer protection, and provision of secure and resilient business services to customers, according to the agency.

LINK:

The complete FFIEC Information Technology Examination Handbook is available at <http://ithandbook.ffiec.gov/>



Capitalization of Interest Final Rule Published

NCUA's final rule permitting federally insured credit unions (FICUs) to extend financing of interest in connection with loan workouts and modifications is set to take effect July 30, according to the notice published this week in the Federal Register. Adopted by the NCUA Board, the final rule also sets documentation requirements to help ensure that the addition of unpaid interest to the principal balance of a mortgage loan does not hinder the borrower's ability to become current on the loan, the notice states, and makes technical changes.

LINK:

[Capitalization of Interest in Connection with Loan Workouts and Modifications](#)



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 2021	Friday, August 13
September 2021	Friday, September 10



Applications Approved

Applications approved since June 16, 2021.

<u>Credit Union</u>	<u>Changes or Groups Added</u>
<u>Field of Membership – Approved:</u>	
MemberSource Credit Union #1 (Houston)	<u>See Newsletter No. 05-21</u>
MemberSource Credit Union #2 (Houston)	<u>See Newsletter No. 05-21</u>
<u>Merger or Consolidation – Approved:</u>	
United Texas CU (San Antonio) and First Class American CU (Fort Worth)	<u>See Newsletter No. 12-20</u>

Applications Received

The following applications were received and will be published in the **July 30, 2021** issue of the *Texas Register*.

Field of Membership

FivePoint Credit Union (Nederland) – Persons who live, work, worship or attend school along with business and local entities located within Montgomery County, Texas, to be eligible for membership in the credit union.

MTCU (Midland) – Persons who live, work, worship or attend school and businesses and other legal entities located in Andrews, Crane, Ector, Howard, Reagan and Upton Counties, Texas, to be eligible for membership in the credit union.

Neighborhood Credit Union (Dallas) – Persons who work, reside, worship or attend School within Tarrant County, to be eligible for membership in the credit union.

Articles of Incorporation

An application was received from **InvesTex Credit Union** (Humble) to amend its Articles of Incorporation relating to principal place of business.

Foreign Credit Union to Operate a Branch Office

An application was received from **KeyPoint Credit Union**, Santa Clara, California to operate a Foreign (Out of State) Branch Office to be located in the area of Austin, Texas.

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



Life is Beautiful