



Newsletter

No. 11-17



November 15, 2017



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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
Beckie Stockstill Cobb
Yusuf E. Farran
Steven "Steve" Gilman
Jim Minge
Kay Stewart
Rick Ybarra

Next Commission Meeting

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

Invitation for Comments on Proposed Amendments to Rules

As part of the rulemaking process, the Department is currently seeking comments on the proposed changes to following rules:

- **7 TAC Section 91.4001** (Authority to Conduct Electronic Operations). The proposed amendments to this rule would impose a new requirement on credit unions using electronic means and facilities to develop an incident response plan that has been reasonably tested to minimize the impact of a data breach or other electronic incidents on members.
- **7 TAC Section 91.4002** (Transactional Web Site Notice Requirements and Security). The proposed amendment to this rule would require a credit union to review the adequacy of its web site's security measures annually instead of once every two years.
- **7 TAC Section 91.5001** (Emergency Closing). The proposed amendments to this rule would encourage credit unions to post notice of an emergency closing of an office or operation on its website and any social media pages.
- **7 TAC Section 91.5005** (Permanent Closing of an Office). The proposed amendments to this rule would impose a new requirement on credit unions to post notice of the permanent closing of an office on its website and any social media pages at least 30 days prior to the proposed closing.

The proposed text for each rule is available at (www.cud.texas.gov - proposed commission rules). You may submit comments by email to CUDmail@CUD.texas.gov. The deadline to submit comments is **December 18, 2017**.



Rule Changes Adopted at November Commission Meeting

At its regular meeting on November 3, 2017, the Commission adopted changes to the following rules:

- **7 TAC Section 91.101** (Definitions and Interpretations) was amended to add one new definition, modify four definitions, and delete two definitions. “Interactive teller machine” is now defined, while the definitions of “catastrophic act” and “construction and development” were removed. The definitions of “improved residential property”, “loan-to-value ratio”, and “loan and extension of credit” have been expanded to enhance consistency with federal regulations. Finally, the definition of “office” was modified to include interactive teller machines.
- **7 TAC Section 91.115** (Safety at Unmanned Teller Machines) was amended to authorize, in certain circumstances, the electronic delivery of the required notice of safety precautions.
- **7 TAC Section 91.121** (Complaint Notification) was amended to update the required complaint notification to include the Department’s facsimile number and email address.
- **7 TAC Section 91.205** (Use of Credit Union Name) was amended to make it clear that a credit union is solely responsible for any unauthorized use or infringement on a business tradename.
- **7 TAC Section 91.209** (Call Reports and Other Information Requests) was amended to eliminate a specific due date for submission of call reports to avoid any conflict or confusion if NCUA should change the deadline for submitting its Form 5300.
- **7 TAC Section 91.1003** (Mergers/Consolidations) was amended to require credit unions to include in their merger plan a description of any financial arrangements providing a substantial increase in compensation or benefits to a board member or senior management employee in connection with a merger. The term “substantial” is defined to be an amount that exceeds \$1,000 in total.

The amendments to the above noted rules will be effective on **November 23, 2017**.

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## ***Proposed New Rule***

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The Department is proposing a new rule (7 TAC Section 91.1010) regarding voluntary liquidations. The proposed new rule would provide guidance to credit unions when they are considering a voluntary liquidation of the institution. The guidelines contained in the proposed new rule will enable the board of directors or liquidating agent to conduct the liquidation of the credit union in a more orderly and expeditious manner and to arrange distribution of the assets to the members without undue delay.

The proposed new rule may be found at [www.cud.texas.gov](http://www.cud.texas.gov) - [proposed new commission rule](#). You may submit comments on the proposed new rule by email to [CUDmail@CUD.texas.gov](mailto:CUDmail@CUD.texas.gov). The deadline to submit comments is **December 18, 2017**.

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Proposed Amendments to Home Equity Lending Interpretations

The Credit Union Commission and the Finance Commission of Texas have jointly published proposed revisions to Sections 153.1 (Definitions), 153.5 (Three Percent Fee Limitations), 153.14 (One Year Prohibition), 153.17 (Authorized Lenders), 153.84 (Restrictions on Devices and Methods to Obtain a HELOC Advance), and 153.86 (Maximum Principal Amount Extended under a HELOC); proposed new Section 153.45 (Refinance of an Equity Loan); and propose the repeal of Section 153.87 (Maximum Principal Amount of Additional Advances under a HELOC), in 7 TAC, Chapter 153, concerning Home Equity Lending. The main purpose of the proposal is to implement SJR 60 passed by the Texas Legislature in 2017. SJR 60 amends Article XVI, Section 50 of the Texas Constitution and applies to home equity loans entered on or after January 1, 2018.

Comments on the proposal may be submitted in writing to Laurie Hobbs, Assistant General Counsel, Office of Consumer Credit Commissioner, 2601 North Lamar Boulevard, Austin, Texas 78705-4207 or by email to laurie.hobbs@occc.texas.gov. To be considered, a written comment must be received on or before 5:00 p.m. central time on **December 25, 2017**.



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>
December 2017	Friday, December 15
January 2018	Friday, January 12



Upcoming Holiday Schedule for CUD

The Department's office will be closed on **November 23-24, 2017** in observance of Thanksgiving.



Applications Received

The following applications were received and will be published in the **November 24, 2017** issue of the *Texas Register*.

Field of Membership Expansion:

First Class American Credit Union (Fort Worth) – To permit persons who are members of Friends of Consumer Freedom living in Tarrant, Denton, or Johnson Counties, Texas.

Baptist Credit Union (San Antonio) – To permit members and staff of Alamo City Apostolic Church, Inc., in San Antonio, Texas.

First Class American Credit Union (Fort Worth) – To permit persons who live, work, attend school, or worship in and businesses located in Tarrant County.

Centex Citizens Credit Union (Mexia) – To permit persons who live, work, attend school, or worship and businesses and other legal entities, located in those areas of Ellis County, Texas that are serviced by United States Postal Zip Codes 76670, 76651, 76623, 75119, and 75101.

Articles of Incorporation:

United Community Credit Union – (Galena Park) – The credit union is proposing to change the location of the principal place of business of the credit union to 13700 E Sam Houston Parkway North, Houston, Texas, 77044.

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

