



Newsletter

No. 10-18



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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, March 8, 2019 beginning at 9:00 a.m. in the offices of CUD.

New Credit Union Commissioner Appointed

The Department is pleased to announce that the Credit Union Commission has unanimously approved the appointment of John J. Kolhoff to serve as the new Texas Credit Union Commissioner. Mr. Kolhoff will succeed the Department's current Commissioner Harold Feeney. To ensure a smooth transition, Commissioner Feeney will work with Mr. Kolhoff until retiring on December 31.

Mr. Kolhoff is currently Director of the Office of Credit Unions with the Michigan Department of Insurance and Financial Services. He has been with that Department since 1994. As Director of the Office of Credit Unions, John is responsible for the safety and soundness supervision of 138 credit unions with approximately \$50 billion in aggregate assets. He received his undergraduate degree in accounting from Central Michigan University.

John is an active member of the National Association of State Credit Union Supervisors (NASCUS), currently serving as chairman of the organization. He has also served as a state representative on the Federal Financial Institutions Examination Council's (FFIEC) Information Sharing Task Force.

When sworn in, Mr. Kolhoff will be the 6th Commissioner in the Department's 49 year history.

Thanks for joining us in welcoming Mr. Kolhoff to the Department.



Call Report Filing Deadline and Filing Tips

The 5300 Call Report, with credit union profile updates, must be successfully submitted by **Sunday, October 28, 2018, 11:59:59 p.m. Eastern**. Credit unions are reminded that NCUA confirms submission of Call Report data and Online Profile updates with an email that indicates the date and time the uploaded information was accepted.

Call Report Filing Deadline and Filing Tips (Continued)

In addition, the successfully uploaded information will trigger two additional emails containing important information related to (1) a Historical Warning Report; and (2) the Financial Performance Report (FPR). The latest version of the Credit Union Online Instruction Guide can be downloaded by going to the NCUA's website and clicking on the Credit Union Online profile.



Commissioner to Retire

Commissioner Harold E. Feeney is retiring from the Credit Union Department, effective December 31, 2018. Harold has served as the Texas Credit Union Commissioner since 1996. Prior to that he worked for the Arizona State Banking Department where he served as the Superintendent of Banks, which also included the oversight of credit unions.

Harold has been an active member of the National Association of State Credit Union Supervisors (NASCUS), serving in numerous leadership positions over the years, including Chairman of the organization. He also served as a member of the State Liaison Committee of the Federal Financial Institutions Examination Council (FFIEC), which represents state supervisory interests before the FFIEC.

During his illustrious 22-year career for the State of Texas, Commissioner Feeney successfully led the agency through two sunset reviews by the Texas Legislature and the Department was granted the status of a self-directed, semi-independent (SDSI) agency while under his helm. With the SDSI designation, the Department is one of only 8 state agencies where the Commission is permitted to establish the budget. Also, under Commissioner Feeney's leadership, high examiner turnover was reduced from over 60 percent annually to only 5 percent for fiscal year 2018.

Those who know Harold, regard him as intelligent, humble, logical, and fair. He is always approachable, and his door has always been open to the leaders and members of Texas credit unions. Throughout his career, he has demonstrated integrity and an enduring commitment to the Department and its mission. He has been a mentor to many who have worked for the agency. While serving in the distinguished role of Commissioner, Harold has been proactive at maintaining Texas credit union regulations in a manner which ensures a safe and sound credit union system, while also providing Texas credit union leaders with a flexible framework to manage their operations with minimal regulatory burden and interference. The Texas credit union system, and the Commissioner, are well respected by peers throughout the country.

Commissioner Feeney plans to continue working up to his retirement date. Upon his retirement from the Department, he intends to remain active in the Texas credit union industry. **Congratulations Commissioner Feeney on a job well done and a retirement well deserved!**



Information in Credit Union Online

While many credit unions think of CU Online as the place where they file their Call Reports, it also plays an important role in the Department's response during major disasters. The Department relies on information found in the Credit Union Profile during a disaster. It is critical that the Profile information in CU Online be accurate and current, so the agency can carry out an effective disaster response.

The NCUA requires credit union management to update its Credit Union Profile information, at least quarterly, to ensure its accuracy. However, prior to an anticipated disaster like a hurricane, credit unions in the potentially affected area should review their emergency contact information in their Profiles to make sure it is up-to-date. It is also important to list multiple emergency contacts in the Profile to ensure the Department can reach someone to determine the credit union's operational status and provide assistance if necessary.



Rule Changes Adopted at October Commission Meeting

At its meeting on October 15, 2018, the Commission adopted amendments to the following rules:

- **7 TAC Section 91.121** (Complaint Notices and Procedures) was amended to provide explanation as to: (1) how to file a complaint with the Department, (2) how a complaint is handled after receipt, (3) the authority of the Department in reviewing complaints, and (4) the privacy of information provided in a complaint.
- **7 TAC Section 91.403** (Debt Cancellation Products; Federal Parity; Adoption by Reference) was amended to update standards governing debt cancellation products in order to encourage credit unions to provide such products consistent with safe and sound credit union practices and subject to appropriate consumer protections. The amendments also direct credit unions to look to 12 C.F.R. Part 37, for guidance as to best practices related to the offer and sale of debt cancellation products.
- **7 TAC Section 91.709** (Member Business and Commercial Loans) was amended to update the definition of member business loan (MBL) with respect to 1- to 4- family dwellings to conform with recent amendments to 12 U.S.C. 1757a(c)(1)(B)(i).
- **7 TAC Section 91.712** (Plastic Cards) was amended to update requirements to recognize the advancement of electronic communication and allow a plastic card to be activated by logging on to the card issuer/processor's website to go through a member verification process.

The amendments to the above noted rules will be effective on November 6, 2018.



Top Complaint Categories for Fiscal Year 2018

There were 349 complaints received by the Department in fiscal year 2018. This is an approximate 20 percent increase from 2017 and indicates the importance of trying to resolve issues with members before they become complaints, as providing responses are time consuming for the credit union as well as the Department. The top complaint categories in fiscal year 2018 were:

- Credit Report Issues – 18.62%
- Fee Related (i.e. overdraft, loan late, etc.) – 17.76%
- Fraud/Unauthorized – 8.60%
- Customer Service – 6.88%
- Account/Loan Balances – 6.59%
- Collections-Loans – 4.01%

Other frequent complaints relate to electronic funds transfers, holds on checks/accounts, account closed/frozen, vehicle title issues, billing disputes, and the addition of collateral protection insurance to a loan.



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>
November 2018	Friday, November 16
December 2018	Friday, December 14



Applications Approved

Applications approved since **September 19, 2018** include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
Field of Membership Change – Approved:	
Hockley County School Employees Credit Union #1 (Levelland)	See Newsletter No. 08-18
Hockley County School Employees Credit Union #2 (Levelland)	See Newsletter No. 08-18



Applications Received

The following application was received and will be published in the **October 26, 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 **Kingsville Area Educators Federal Credit Union** (Kingsville), with Coastal Community and Teachers Credit Union being the surviving credit union.

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*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

