



Newsletter

No. 12-16



December 21, 2016



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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:

Manuel Cavazos IV, Chair
Allyson "Missy" Morrow, Vice Chair
Beckie Stockstill Cobb
Yusuf E. Farran
Steven "Steve" Gilman
Sherri Brannon Merket
Gary D. Tuma
Kay Stewart
Vik Vad

Next Commission Meeting

Friday, March 10, 2017 beginning at 9:00 a.m. in the offices of CUD.

Amendments to MBL Rule Adopted at Recent Commission Meeting

The Commission has adopted amendments to Rule 91.709 ([7 TAC §91.709](#)) which will replace the prescriptive requirements and limits (e.g. collateral and security requirements, equity requirements, and loan limits) with broader risk management principles. These amendments go into effect on January 1, 2017.

Although the prescriptive limits will be eliminated from the Rule, the Department expects credit unions to establish their own limits in written policy to assist in managing risk. In addition to establishing loan limits, the amended rule will require credit unions to adopt a more robust loan policy that incorporates broad risk management practices.

Other important provisions:

- Credit union must adopt a credit risk rating system – a formal process to identify and measure risk through the assignment of risk ratings.
- Requires adoption of collateral requirements that are commensurate with the level of risk associated with the size and type of loan.
- For construction and development loans, the amendments clarify that the collateral value is the lesser of the project's cost to complete or its prospective market value.

Credit unions with both assets less than \$250 million and total commercial loans less than 15 percent of net worth that are not regularly originating and selling or participating out commercial loans are not subject to certain provisions of the amended rule [91.709 (c)(1) and (2)]. Credit unions qualifying for this exception should, however, have a general loan policy consistent with the provisions of Rule 91.701 that covers the types of commercial loans that will be offered.



General Counsel Resigns

Assistant Commissioner and General Counsel Shari Shivers has left the Department to take a new role with the Texas Education Agency (TEA). Ms. Shivers joined the Department in 2015 and has provided key leadership as the Department's transitions into utilizing more technology in carrying out its duties and responsibilities. The Department thanks Shari Shivers for her service and wishes her the best in her new position with TEA!



Proposed Rule Review

The Texas Credit Union Commission will review and consider for re-adoption, revision, or repeal **Chapter 97, Subchapter A**, concerning General Provisions, consisting of §97.101, concerning Meetings, §97.102 concerning Delegation of Duties, §97.103 concerning Recusal or Disqualification of Commission Members, §97.104 concerning Petitions for Adoption or Amendment of Rules, §97.105 concerning Frequency of Examination, **Chapter 97, Subchapter B**, concerning Fees, consisting of §97.113 concerning Fees and charges, §97.114 concerning Charges for Public Records, §97.115 concerning Reimbursement of Legal Expenses, §97.116 concerning Recovery of Costs for Extraordinary Services Not Related to an Examination, **Chapter 97, Subchapter C**, concerning Department Operations, consisting of §97.200 concerning Employee Training Program, §97.205 consisting of Use of Historically Underutilized Businesses, §97.206 consisting of Posting of Certain Contracts: Enhanced Contracts and Performance Monitoring, §97.207 concerning Contracts for Professional or Personal Service, **Chapter 97, Subchapter D**, concerning Gifts and Bequests, consisting of §97.300 concerning Gifts of Money or Property, and **Chapter 97, Subchapter E**, concerning Advisory Committees, consisting of §97.401 concerning General Requirements.

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. The deadline for comments is **January 17, 2017**.

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?

Continued on page 3

Proposed Rule Review

Continued from page 2

- 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.



FinCEN Advisory on Bank Secrecy Act Obligations and Compliance

The Financial Crimes Enforcement Network (FinCEN) of the U.S. Treasury Department has issued [advisory bulletin FIN-2016-A005](#) reminding financial institutions of their Bank Secrecy Act (BSA) obligations to report certain cyber-events and cyber-enabled crime. FinCEN also issued [FAQs](#) to supplement the advisory. The advisory highlights the importance of:

- Reporting cyber-events and cyber-enabled crime through Suspicious Activity Reports (SARs).
- Including cyber-related information such as IP addresses with times stamps, virtual-wallet information, device identifiers and cyber-event information in SAR reporting.
- Collaborating with BSA, Anti-Money Laundering (AML), cybersecurity and other in-house units to facilitate “a more comprehensive threat assessment and develop appropriate risk management strategies to identify, report, and mitigate cyber-events and cyber-enabled crime.”
- Sharing cyber-related information between financial institutions for the “purpose of identifying and, where appropriate, reporting money laundering or terrorist activities.”



Rules Update to Credit Unions

Changes 45 and 46, the most recent rule updates were sent to credit unions electronically on December 5 and December 15, respectively. Please contact our office if you have any questions.



Upcoming Holiday Schedule for CUD

The Department’s office will be closed on **December 26, 2016** in observance of the Christmas Holiday.



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 included 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>
January, 2017	Friday, January 13
February, 2017	Friday, February 10

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## Applications Approved

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Applications approved since November 16, 2016 include:

| <u>Credit Union</u>                                                                                                                                                                                                                                      | <u>Changes or Groups Added</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <i>Field of Membership Change – Approved:</i>                                                                                                                                                                                                            |                                |
| <b>InTouch Credit Union (#1) (Plano) (Modified)</b><br>Persons who live, worship, attend school, or work in Whitney, Winchester, Las Vegas, Enterprise, Sunrise Manor, North Las Vegas, Summerlin South, Spring Valley, Henderson, and Paradise, Nevada. | See Newsletter No. 09-16       |
| <b>InTouch Credit Union (#2) (Plano)</b>                                                                                                                                                                                                                 | See Newsletter No. 09-16       |
| <b>InTouch Credit Union (#3) (Plano)</b>                                                                                                                                                                                                                 | See Newsletter No. 09-16       |
| <b>InTouch Credit Union (#4) (Plano)</b>                                                                                                                                                                                                                 | See Newsletter No. 09-16       |
| <b>InTouch Credit Union (#5) (Plano)</b>                                                                                                                                                                                                                 | See Newsletter No. 09-16       |
| <b>Tex Mex Credit Union (Laredo)</b>                                                                                                                                                                                                                     | See Newsletter No. 09-16       |
| <b>First Service Credit Union (Houston)</b>                                                                                                                                                                                                              | See Newsletter No. 09-16       |

## Applications Received

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The following application was received and will be published in the December 30, 2016 issue of the *Texas Register*.

*Articles of Incorporation – Change:*

**Texans Credit Union (Richardson)** – The credit union is proposing to update the domicile of the credit union to 777 E. Campbell Road, Richardson, Texas 75081.

*Field of Membership Expansion:*

**Texell Credit Union (Temple)** – To permit persons who live, work, worship or attend school within a ten-mile radius of 875 Whitestone Blvd. Cedar Park, TX., 78613 to be eligible for membership in the credit union.

*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

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**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!**

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