



# Newsletter

No. 08-15



August 19, 2015



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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.*

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## **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  
Rob Kyker, Vice Chair  
Gary D. Tuma  
Gary L. Janacek  
Sherri B. Merket  
Allyson "Missy" Morrow  
Kay Stewart  
Vik Vad  
A. John Yoggerst

## **Next Commission Meeting**

*Friday, October 16, 2015 beginning at 8:00 a.m. in the offices of CUD.*

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## ***New Appointments to the Commission***

**Beckie Stockstill Cobb** of Deer Park, is the owner of Stockstill & Associates Insurance Agency. She is an active member of the National, Texas and Houston Association of Health Underwriters and is Secretary of the local HAHU. Ms. Cobb whose term will expire February, 2021, replaces Rob Kyker, whose term expired.

**Yusuf E. Farran** of El Paso, is a Registered Professional Engineer, a Registered Sanitarian and a LEED Green Associate. He previously served as a member of the Texas Commission on Fire Protection. Mr. Farran whose term will expire February, 2021, replaces A. John Yoggerst, whose term expired.

**Steve Gilman** of Katy, is President and CEO of Members Choice Credit Union. He is also currently serving as a President of the Houston Chapter of Credit Unions. Mr. Gilman whose term will expire February, 2021, replaces Gary L. Janacek, whose term expired.



## ***Operating Fee***

The week of August 24<sup>th</sup> invoices for the first installment of the Operating Fee for Fiscal Year 2016 will be mailed to all credit unions. All fees must be received on or before **September 30, 2015** to avoid the payment of any penalties. If you do not receive an invoice, please contact Isabel Velasquez at (512) 837-9236.



## ***Communication with the Department***

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As reported in the October 2014 Newsletter, the Department continues to receive correspondence from credit unions and the public in every traditional manner. However, there has been a significant increase in the percentage of communications that are received via e-mail. As a result, the Department established a central e-mail address for all electronic communications, with the goal of improving internal processes for expediting the treatment of all electronic communications, improving operational efficiencies, and to better serve credit unions and the public. The address for the central mailbox is [CUDmail@cud.texas.gov](mailto:CUDmail@ cud.texas.gov), and should always be used when communicating with the Department via e-mail. There is no longer a need to “cc” individual staff members of the Department, as all communications sent to the central mailbox are logged in and re-routed to the appropriate staff member. Therefore, we request all credit unions to utilize the central mailbox as the primary e-mail address for electronic communications with the Department.



## ***Rule Activity at the Commission Meeting***

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The Department is requesting comments on the proposed new Subchapter K of 7 Tex. Admin. Code, Chapter 91. The new subchapter, entitled Credit Union Development Districts, contains seven new rules which describe the procedures for establishment of credit union development districts. The new rules are proposed to implement a credit union development district program in response to House Bill 1626 (HB 1626) enacted by the 84<sup>th</sup> Legislature. HB 1626 assigned the Credit Union Commission the duty to administer and monitor a credit union development district program where there is a demonstrated need for services provided by a state or federal credit union, and requires the Commission to adopt rules consistent with this duty not later than January 1, 2016. HB 1626 authorizes a local government to apply for the designation of a credit union development district in conjunction with a state or federal credit union. HB 1626 states that rules regarding the criteria for the designation of credit union development districts must be made in consultation with the Texas Economic Development and Tourism Office (within the Office of the Governor). The proposed text is available at this [“link”](#).

The Department is also requesting comments on the proposed new §97.206, Tex. Admin. Code. The new rule, entitled Posting Of Certain Contracts: Enhanced Contract And Performance Monitoring, implements procedures for contracts for the purchase of goods or services from private vendors. The new rule is proposed in response to Senate Bill 20 (SB 20) enacted by the 84<sup>th</sup> Legislature. SB 20 requires each state agency by rule to establish a procedure to identify contracts that require enhanced contract or performance monitoring and prescribes certain reporting requirements. The Commissioner and the Department Procurement Director will evaluate whether enhanced contract or performance monitoring is appropriate for each contract whose value is greater than \$25,000. The proposed text is available at this [“link”](#).



## Cybersecurity

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Cybersecurity is an area of intense focus for the financial services industry. One thing to keep in mind is that education is the first line of defense against cybercrime. You may ask, “What should my credit union be doing right now?”

1. Credit unions should review the materials published through the Federal Financial Institution Examination Council (FFIEC). To access the website, visit: <https://www.ffiec.gov>. This website has created a dedicated cybersecurity page where valuable information can be found. FFIEC highlighted key focus areas for senior management and boards of directors of credit unions as they assess their institutions’ abilities to identify and mitigate cybersecurity risks, including:

- Identifying, measuring, mitigating, and monitoring risks;
- Developing risk management processes commensurate with the risks and complexity of the credit union;
- Aligning cybersecurity strategy with business strategy and accounting for how risks will be managed both now and in the future;
- Creating a governance process to ensure ongoing awareness and accountability; and
- Ensuring timely reports to senior management that include meaningful information addressing the credit union’s vulnerability to cyber risks.

2. Credit unions need to have a good source of information about cyber threats. Credit unions are encouraged to join FS-ISAC – the Financial Services Information Sharing and Analysis Center. To access their website, visit: <https://www.fsisac.com>. Joining FS-ISAC will give credit unions real-time access to threat intelligence and actual indicators that credit unions can check against their own systems.

3. Credit unions should practice their response to a cyber-event just as they practice their response to a physical event through their business continuity plan.

4. Credit unions should engage in “cyber hygiene” by talking about cyber security with their staff and their members. According to the Verizon 2015 Data Breach Indicator Report, people are responsible for 90% of all security incidents. FFIEC has made available on its webpage a brochure to aid credit unions in discussing cyber security.

5. Lastly, credit unions need to know who they will notify if they have an incident: local law enforcement first and their regulators second. Credit unions should know who their law enforcement contacts are ahead of time – e.g., local law enforcement and FBI.



## Proposed Rule Review

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The Texas Credit Union Commission will review and consider for re-adoption, revision, or repeal Chapter 91, §§91.6001 (Fiduciary Duties), 91.6002 (Fiduciary Capacities), 91.6003 (Notice Requirements), 91.6004 (Exercise of Fiduciary Powers), 91.6005 (Exemption from Notice), 91.6006 (Policies and Procedures), 91.6007 (Review of Fiduciary Accounts), 91.6008 (Recordkeeping), 91.6009 (Audit), 91.6010 (Custody of Fiduciary Assets), 91.6011 (Trust Funds), 91.6012 (Compensation, Gifts, and Bequests), 91.6013 (Bond Coverage), 91.6014 (Errors and Omissions Insurance), and 91.6015 (Litigation File) of Title 7, Part 6 of the Texas Administrative Code in preparation for the Commission’s Rule Review as required by Section 2001.039, Government Code.

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## Proposed Rule Review

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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](mailto:cudmail@ cud.texas.gov). The deadline for comments is **September 3, 2015**.

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?
- 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.



## Publication Deadlines

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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>
September, 2015	Friday, September 11
October, 2015	Friday, October 16



## ***Applications Approved***

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Applications approved since July 15, 2015 include:

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<b><u>Credit Union</u></b>	<b><u>Changes or Groups Added</u></b>
<i>Field of Membership Change – Approved:</i>	
<b>Mobility Credit Union</b> (Irving)	See Newsletter No. 05-15
<b>FivePoint Credit Union</b> (Nederland)	See Newsletter No. 12-13
<i>Merger or Consolidation – Approved:</i>	
<b>Dallas Santa Fe CU</b> (Garland) and <b>Texas Telcom CU</b> (Dallas)	See Newsletter No. 01-15
<i>Charter Change – Approved:</i>	
<b>First Basin Credit Union</b> (Odessa)	50 Years to Perpetuity
<b>Trinity Valley Teachers Credit Union</b> (Palestine)	50 Years to Perpetuity
<b>NCE Credit Union</b> (Corpus Christi)	50 Years to Perpetuity
<b>American Baptist Association Credit Union</b> (Pearland)	50 Years to Perpetuity
<b>Texas Workforce Credit Union</b> (San Antonio)	50 Years to Perpetuity
<b>Southwest Heritage Credit Union</b> (Odessa)	50 Years to Perpetuity
<b>Associated Credit Union of Texas</b> (League City)	50 Years to Perpetuity
<b>SPCO Credit Union</b> (Houston)	50 Years to Perpetuity
<b>Members Credit Union</b> (Cleburne)	50 Years to Perpetuity
<b>Pasadena Postal Credit Union</b> (Pasadena)	50 Years to Perpetuity
<b>Reeves County Credit Union</b> (Pecos)	50 Years to Perpetuity
<b>Shared Resources Credit Union</b> (Pasadena)	50 Years to Perpetuity
<b>Mesquite Credit Union</b> (Mesquite)	50 Years to Perpetuity
<b>Texas Health Resources Credit Union</b> (Dallas)	50 Years to Perpetuity
<b>DATCU</b> (Denton)	50 Years to Perpetuity
<b>Ward County Teachers Credit Union</b> (Monahans)	50 Years to Perpetuity
<b>Edinburg Teachers Credit Union</b> (Edinburg)	50 Years to Perpetuity
<b>Brazos Community Credit Union</b> (Alvin)	50 Years to Perpetuity



## ***Applications Received***

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The following applications were received and will be published in the August 28, 2015 issue of the Texas Register.

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*Field of Membership Expansion:*

**Rio Grande Valley Credit Union** (Harlingen) – To permit persons who live, work, attend school or worship in, and businesses located in Willacy County, Texas, to be eligible for membership in the credit union.

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