



Newsletter

No. 11-22



November 16, 2022



Credit Union Department

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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:

Jim Minge, Chair
Sherri Brannon Merket, Vice Chair
Elizabeth L. "Liz" Bayless
David Bleazard
Karyn C. Brownlee
Beckie Stockstill Cobb
Yusuf E. Farran
David F. Shurtz
Kay Rankin-Swan

Next Commission Meeting

Friday, March 10, 2023 beginning at 9:00 a.m. in the offices of CUD.

Cryptocurrency Concerns Highlighted by the CFPB

The Consumer Financial Protection Bureau (CFPB) recently released a Bulletin highlighting an increasing number of complaints being received related to Crypto. Some commonly reported complaints include fraud, theft, account hacks and scams. Credit unions are encouraged to carefully look at the risks and concerns related to crypto and do appropriate third-party due diligence when considering offering crypto services to their members. [Attached is a link to a recent article.](#)



Indirect Automobile Lending Programs

Indirect auto loan volume continues to grow among Texas chartered credit unions. Like other types of lending activities, indirect auto lending can benefit credit unions by increasing their auto loan portfolios and revenue streams. However, such programs require specialized knowledge and skills to be successful. Prior to engaging in indirect automobile lending activities, the officials and management of a credit union should ensure the indirect lending program will be consistent with the credit union's overall business strategies and risk tolerances. Also, adequate due diligence of the dealers involved in the indirect program is crucial, in combination with the development and implementation of proper internal controls to monitor the overall performance of these programs. Absent adequate internal controls, credit unions may be assuming significant credit risk which could result in increased loan losses, as well as safety and soundness implications. When indirect lending programs are present, our examiners will continue to carefully review the quality of loan underwriting and the overall credit risk of the portfolio, as well as collateral values, title work, internal controls, and the credit union's due diligence of its dealer participants.

Indirect Automobile Lending Programs (Continued)

Additionally, as interest rates have recently increased, the proper pricing of indirect auto loans by credit risk has become increasingly important. Also, it is essential for officials and management to weigh the risk/reward of indirect loan yields versus investment yields of similar durations. Without proper asset liability management practices, including reasonable concentration risk limits in place, rapid growth in a competitively priced indirect auto loan program can cause a strain on financial performance.



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 2022	Friday, December 16
January 2023	Friday, January 13



Applications Approved

Applications approved since October 19, 2022.

Credit Union

Changes or Groups Added

Articles of Incorporation - Approved

An application was received from **Navy Army Community Credit Union** (Corpus Christi) to amend its Articles of Incorporation relating to name change. [See Newsletter No. 09-22](#)

An application was received from **RelyOn Credit Union** (Dallas) to amend its Articles of Incorporation relating to principal place of business. [See Newsletter No. 09-22](#)

Merger or Consolidation - Approved

WesTex Community CU (Kermit) and **Ward County CU** (Monahans) [See Newsletter No. 02-22](#)

Applications Received

The following applications were received and will be published in the **November 25, 2022** issue of the *Texas Register*.

Field of Membership

Texas Dow Employees Credit Union (Lake Jackson) – Members of Texas Consumer Council who reside in Texas, to be eligible for membership in the credit union.

Members Choice Credit Union (Houston) – Members of the Texas Consumer Council, to be eligible for membership in the credit union.

Mobiloil Credit Union #1 (Beaumont) – Persons who live, work, worship or attend school in, businesses and other legal entities located within Galveston County, Texas, to be eligible for membership in the credit union.

Mobiloil Credit Union #2 (Beaumont) – Persons who live, work, worship or attend school in, businesses and other legal entities located within Harris County, Texas, to be eligible for membership in the credit union.

Mobiloil Credit Union #3 (Beaumont) – Persons who live, work, worship or attend school in, businesses and other legal entities located within Montgomery County, Texas, to be eligible for membership in the credit union.

Mobiloil Credit Union #4 (Beaumont) – Persons who live, work, worship or attend school in, businesses and other legal entities located within San Jacinto County, Texas, to be eligible for membership in the credit union.

Mobiloil Credit Union #5 (Beaumont) – Persons who live, work, worship or attend school in, businesses and other legal entities located within Polk County, Texas, to be eligible for membership in the credit union.

Mobiloil Credit Union #6 (Beaumont) – Persons who live, work, worship or attend school in, businesses and other legal entities located within Angelina County, Texas, to be eligible for membership in the credit union.

Mobiloil Credit Union #7 (Beaumont) – Persons who live, work, worship or attend school in, businesses and other legal entities located within San Augustine County, Texas, to be eligible for membership in the credit union.

Mobiloil Credit Union #8 (Beaumont) – Persons who live, work, worship or attend school in, businesses and other legal entities located within Sabine County, Texas, to be eligible for membership in the credit union.

Space City Credit Union (Houston) – Persons who live, work, worship or attend school in, businesses within Harris County, Texas, to be eligible for membership in the credit union.

Merger or Consolidation

An application was received from **T &FS Employees Credit Union** (Port Arthur) seeking approval to merge with **Associated Credit Union of Texas** (League City), with the latter being the surviving credit union.

Applications Received (Continued)

Articles of Incorporation

Plus4 Credit Union (Houston) – The credit union is proposing to change its name to Priority Trust Credit Union.

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### *Upcoming Holiday Schedule for CUD*

The Department's office will be closed on **November 24-25, 2022** in observance of Thanksgiving.

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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

