



# Newsletter

No. 01-24



January 17, 2024



## 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.

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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:

Jim Minge, Chair  
Becky L. Ames  
Elizabeth L. "Liz" Bayless  
David Bleazard  
Karyn C. Brownlee  
Beckie Stockstill Cobb  
Cody R. Huggins  
David F. Shurtz  
Kay Rankin-Swan

## Next Commission Meeting

Friday, March 22, 2024, beginning at 9:00 a.m. in the offices of CUD.

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## It's all in the Details

One of the most important documents members will sign and receive is their Membership or Account Agreement. It designates account ownership, discloses the terms, conditions, and provides a schedule of fees. Members leave your offices with a digital or hard copy of important documents they may never read through. The document with the most impact is their Membership Card or Signature Card. This card has special implications for Share Insurance and when the member passes away. In Texas, [Chapter 113 of the Estates Code](#) provides guidance about rights to the funds in the account during life and after death.

For instance, if an account is Payable on Death (POD) or Joint with Survivorship, it immediately passes to the joint owner or the POD designee at the time of death. This affects a credit union's right of offset to shares for any loans the decedent may have at the time of death, not also owed by the survivor or designee. Under common law, a lender had to look to the decedent's estate and pledged collateral, not deposit offset, for payment.

To protect set off rights of lenders in joint and deceased accounts, in 2009, the Texas Legislature passed provisions, which became effective January 1, 2014, providing guidance and protections to financial institutions related to multiple-party accounts. One provision addresses the question of set off for an account owner's debts. This provision clarifies the financial institution's right to set off against a joint account to the extent the living debtor had a right to withdraw funds (usually the entire balance) even though the other joint holder of the account was not obligated for the debt. If the debtor dies, the statute provides "The amount of the account subject to set-off under this section is that proportion to which the debtor is, or was immediately before the debtor's death, beneficially entitled, and in the absence of proof of net contributions, to an equal share with all parties having present rights of withdrawal" (See Texas Estates Code Section 113.210).

## *It's all in the Details (Continued)*

As an example, if an account is joint, with one other owner, and rights of survivorship, when one member dies, owing in their sole capacity on a credit card, the Credit Union cannot offset the entire savings balance to the credit card, but either the amount the decedent was beneficially entitled or ½ of the savings balance. (If set off occurred prior to death, then the entire balance would be subject to setoff for the debts of any joint owner.) Also, if the account was not joint, and solely held by decedent, with only a different person payable on death, then the entire savings balance may arguably offset the institution's loan. These details are worth noting.

Credit Union Staff who set policy or deal with opening accounts and working through deceased member issues should read through Chapter 113 (link above) and familiarize themselves with its terms. If an unclear circumstance is encountered, as always, it is recommended to seek assistance of a legal professional.



## *Publication Deadlines*

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>
February 2024	Friday, February 16
March 2024	Friday, March 15



## *Applications Approved*

There were no applications approved.

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## *Applications Received*

The following applications were received and will be published in the **January 26, 2024**, issue of the *Texas Register*.

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### Field of Membership:

**Texas Dow Employees CU** (Lake Jackson) – Employees of Landry's Inc., who work in, or are paid or supervised from its headquarters in Houston, Texas".

## *Applications Received (Continued)*

### Merger or Consolidation:

An application was received from **Waconized Federal Credit Union** (Waco), seeking approval to merge with **1<sup>st</sup> University Credit Union** (Waco), with the latter being the surviving credit union.

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## *Upcoming Holiday Schedule for CUD*

The Department's office will be closed on **February 19, 2024**, in observance of Presidents' Day.

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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

