



Newsletter

No. 12-23



December 20, 2023



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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
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.

Updating Profile Information in CU Online

As a friendly reminder, the Department is requesting that federally insured, Texas chartered credit unions ensure that Profile information is updated timely in CU Online. Recently, we have noticed an increase in outdated information in the Profile pertaining to the following:

Regulatory Tab:

- Financial Statement Audit Information
- Member Account Verification
- Bank Secrecy Act Independent Test

Disaster Recovery Tab:

- Disaster Recovery

It is important for credit unions to note that in accordance with applicable regulations, federally insured Texas chartered credit unions are required to update, submit, and certify operational and quarterly financial information to the Department and NCUA. In addition, non-federally insured credit unions may use the CU Online to submit the same required information to the Department. Thank you for your assistance in keeping this information up to date and complying with this requirement.

NOTE: On **December 22, 2023**, all uncertified Profile changes will be reset to facilitate upcoming enhancements. Please ensure that all your Profile updates are certified prior to **December 22** to avoid any loss of data. Information regarding the changes to the profile can be found at: <https://ncua.gov/regulation-supervision/regulatory-reporting/cuonline>. Once there, you may view the information by clicking the link titled, Proposed Material Changes under the Profile heading.

Also, for 5300 Call Report Help requests and information, you may contact your state examiner or email NCUA at: 5300@ncua.gov.



New Appointments to the Commission

Becky L. Ames of Beaumont, is Vice President of strategic alliances with Griffith Moseley Johnson & Associates, Inc. She brings almost three decades of public sector experience, including seven terms as Mayor of Beaumont and seven terms as a Beaumont Councilmember at-large. She has served on numerous boards and is currently serving on the board of the 100 Club of Southeast Texas, the Economic Development Division of the Greater Beaumont Chamber of Commerce, and a sustaining member of the Junior League of Beaumont. She received a Bachelor of Business Administration from Texas A&M University. Ms. Ames whose term will expire on February 15, 2029, replaces Sherri B. Merket of Midland whose term has expired.

Cody Huggins of Georgetown is a Principal at Scout Ventures. Previously, he managed a venture studio focused on InsureTech, FinTech, and PropTech. Prior to that, he was the Treasurer of FTC Solar, where he co-led their \$258 million initial public offering. He has served as a volunteer for Habitat for Humanity, Special Olympics, Veterati, and for Honor Flight Austin. He received a Bachelor of Science in Business Management from the United States Military Academy at West Point and served six years as an infantry officer, with his last assignment as a ranger instructor. Mr. Huggins whose term will expire on February 15, 2027, replaces Yusuf E. Farran of El Paso who resigned.



Reappointments to the Commission

Karyn C. Brownlee of Coppell is a leadership communications consultant and former school principal in the Coppell ISD. As a member of the Texas Elementary Principals & Supervisors Association, she was a conference presenter and leadership academy graduate. She received a Bachelor of Science in Elementary Education and a Master of Education in Educational Leadership from Texas Tech University. Ms. Brownlee has served as a member of the Commission since 2019.

Jim Minge of Arlington is CEO of Texas Trust Credit Union. He is a member of the Texas State Society of Public Accountants and the Fort Worth Chapter of the Texas State Society of Public Accountants. He received a Bachelor of Business Administration in Accounting from the University of Texas at Austin. Mr. Minge has served as a member of the Commission since 2017 and serves as Chair since 2022.



Emerging Trends for Texas Credit Unions

Texas chartered credit unions continue to withstand inflationary pressures and perform well, as deposit and asset growth trends have been well controlled and net worth positions have strengthened during 2023. However, some recent trends have emerged which warrant that asset quality trends be closely monitored, as loan delinquencies and charge-offs have risen over the last twelve months. The most pronounced increases occurred during the third quarter of this year.

Emerging Trends for Texas Credit Unions (Continued)

For the twelve months ending September 30, 2023, the delinquency ratio for Texas charters was 0.73 percent and the net charge-off ratio was 0.55 percent. While these levels remain very sound and manageable, they reflect increases in the delinquency and net charge-off ratios over the last twelve months of approximately 40 and 50 percent, respectively. Credit union management is reminded to remain diligent with loan underwriting techniques and collection efforts, as well as with monitoring emerging trends within the various segments of their loan portfolios. A proactive approach in these areas may mitigate the potential for any significant increase in loan delinquencies and losses.

Furthermore, credit union liquidity positions have remained tight throughout 2023, with borrowed funds and non-member deposits comprising 6.31 percent of Texas credit union's total assets, up from 2.23 percent only eighteen months ago. The rapid increase in non-core funding has been driven primarily by the consistent increase in the fed funds rates between March of 2022 and July 2023, when the fed increased the rates eleven times or 525 basis points, to the current level of 5.50 percent. As a result of this dramatic rise in interest rates, deposit growth slowed rapidly as lower cost deposits left credit unions in search of higher rates. This resulted in many credit unions accessing non-core funding to support member loans and withdrawals. Texas charters should continue to utilize reasonable and sound asset liability management practices, including maturity matching when structuring the asset and liability sides of their balance sheets.



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>
January 2024	Friday, January 12
February 2024	Friday, February 16



Applications Approved

Applications approved since November 15, 2023.

<u>Credit Union</u>	<u>Changes or Groups Added</u>
<u>Field of Membership - Approved</u>	
Gulf Credit Union (Groves)	<u>See Newsletter No. 09-23</u>
Texans Credit Union (Richardson)	<u>See Newsletter No. 09-23</u>
Southwest 66 Credit Union (Odessa)	<u>See Newsletter No. 10-23</u>

Applications Received

There were no applications received.

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## *Upcoming Holiday Schedule for CUD*

The Department's office will be closed on **December 22 at (12:00 p.m.) and all-day December 25-26, 2023**, in observance of the Christmas Holidays and **January 1, 2024**, in observance of the New Year.

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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



*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.*