



Newsletter

No. 07-13



July 17, 2013



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

Next Commission Meeting

Friday, October 18, 2013 beginning at 8:00 a.m. in the offices of CUD.

Upcoming Changes to the Credit Union Act

SB 244 was signed into law by Governor Rick Perry and becomes effective on September 1, 2013. The bill is the result of the Department's mandate in Finance Code §15.103 to periodically review the statutes as they pertain to credit unions. Generally, the amendments update the Credit Union Act, clarify supervisory and regulatory matters, remove outdated references, and enhance corporate governance provisions. Among the amendments are those that:

- Require 30-days notice of new or relocated credit union offices or service facilities.
- Prohibit directors from voting by proxy.
- Increase from three to six the maximum number of individuals a board may appoint as honorary or advisory directors.
- Require honorary or advisory directors to maintain the same confidentiality that is required of directors.
- Prohibit a person who is serving the credit union from acting to affect the pecuniary interest of the person's spouse or another person living in the person's household.
- Allow credit unions limited parity with federal credit unions on interest rates for certain loans.
- Authorize a credit union to share confidential information with a potential merger candidate or fidelity bond carrier.
- Authorize a board to consent to a conservatorship or liquidation, clarify the appeals process, and clarify the voluntary liquidation process.



Honorary or Advisory Directors

Credit unions wishing to take advantage of the provision in SB 244 relating to the number of honorary or advisory directors must first amend their bylaws. Bylaw Section 5.01 currently imposes a limit on the number of honorary or advisory directors and must be modified to appoint more than three honorary or advisory directors. With the approval of the Department, a credit union's bylaws may be amended by a two-thirds vote of the directors. The application necessary to submit the proposed amendment for approval is available on the Department's website. Any change to Section 5.01 cannot be effective before September 1, 2013.



Kindness Reduces Complaints

Good customer service can not only win and keep customers, but can also reduce complaints. Credit union employees often deal with people at difficult points in their lives and may have to break bad news to customers regarding important financial matters. Getting turned down for a loan, trying to handle a recently-deceased loved one's estate, or discovering a costly error in money management can make people feel upset and vulnerable. Credit unions whose staff goes the extra mile in offering sympathetic and respectful customer service – especially in the most difficult circumstances – may be able to avoid the burden of responding to complaints later. Many complaints received by the Department raise a valid question about whether the credit union acted properly or not, but the real motivation to file the complaint does not come from the alleged bad act itself, but from how the customer feels he was treated. "They were so *rude* to me;" "the credit union treated me like a criminal;" "I tried to resolve my issue and they didn't return my calls;" "they told me to do this, but when I got to the credit union, they wanted something else;" these statements from complainants show the main reason the person was willing to go to the trouble to file a complaint was the way they feel they were treated. Even though most complaints investigated by the Department do not find any violation by the credit unions, responding to complaints is a task that most credit unions would prefer to avoid. Credit unions can't satisfy every customer or avoid every complaint, but where employees are willing to take time to talk with "problem" consumers in a clear, empathetic, and respectful way, they may avoid spending time responding to complaints.



CAMEL Ratings to State Chartered Credit Unions

The Department will begin confidential disclosure of CAMEL ratings to the board of each state chartered credit union examined after September 1, 2013. The CAMEL rating system is based upon an evaluation of five critical elements of a credit union's operations: Capital Adequacy, Asset Quality, Management, Earnings, and Liquidity/Asset-Liability Management. CAMEL is designed to take into account and reflect all significant financial, operational, and management factors examiners assess in their evaluation of a credit union's performance and risk profile. Examiners will disclose each rating component and the composite rating in the Report of Examination.

CAMEL Ratings to State Chartered Credit Unions

Continued from page 2

The rating will remain the property of the Department and may not be disclosed by the credit union. Regulations provide that the report of examination, which contains the CAMEL rating, is nonpublic information and the property of the Department (Tex. Fin. Code §126.002). Except in very limited circumstances (pre-approved by the Department) state chartered credit unions may neither disclose a report of examination or any portion of the report, nor make any representations concerning the report or the report's findings. Questions regarding the new CAMEL disclosures may be directed to Deputy Commissioner Dan Buckley.



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>
August, 2013	Friday, August 16
September, 2013	Friday, September 13



Applications Approved

Applications approved since June 19, 2013 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
<i>Field of Membership Changes – Approved:</i>	
First Community Credit Union (Houston)	See Newsletter No. 11-12
<i>Merger or Consolidation – Approved:</i>	
Fort Worth Telco CU (Fort Worth) and EECU (Fort Worth)	See Newsletter No. 11-12
Dr. Pepper Employees FCU (Plano) and InTouch CU (Plano)	See Newsletter No. 04-13
<i>Articles of Incorporation Change – Approved:</i>	
The Education Credit Union (Amarillo)	See Newsletter No. 05-13



Applications Received

The following applications were received and will be published in the July 26, 2013 issue of the *Texas Register*.

Field of Membership Expansion:

InTouch Credit Union (Plano) -- To permit employees of Dr Pepper Snapple Group, Inc. (DPSG) and its majority owned subsidiaries, including employees of any successors(s) in interest, on-site contractors/vendors who have a business relationship with DPSG and regularly work on DPSG facilities at one or more DPSG locations throughout the United States, and members of the family of such persons, except foreign nationals at foreign locations, to be eligible for membership in the credit union.

Comments or a request for a meeting by any interested party relating to an application must be submitted in writing within 30 days from the date of this publication. Credit unions that wish to comment on any application must also complete a Notice of Protest form. The form may be obtained by contacting the Department at (512) 837-9236 or downloading the form at <http://www.cud.texas.gov/page/bylaw-charter-applications>. Any written comments must provide all information that the interested party wishes the Department to consider in evaluating the application. All information received will be weighed during consideration of the merits of an application. Comments or a request for a meeting should be addressed to the Texas Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.

Merger or Consolidation:

An application was received from **Texas Trust Credit Union** (Mansfield) seeking approval to merge with **Security One Federal Credit Union** (Arlington). Texas Trust Credit Union will be the surviving credit union.

An application was received from **Lincoln City Credit Union** (Houston) seeking approval to merge with **Team Financial Federal Credit Union** (Houston). Team Financial Federal Credit Union will be the surviving credit union.

Comments or a request for a meeting by any interested party relating to an application must be submitted in writing within 30 days from the date of this publication. Any written comments must provide all information that the interested party wishes the Department to consider in evaluating the application. All information received will be weighed during consideration of the merits of an application. Comments or a request for a meeting should be addressed to the Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.



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



