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# *Credit Union Department*



## *NEWSLETTER*

No. 11-06

[www.tcu.d.state.tx.us](http://www.tcu.d.state.tx.us)

November 30, 2006

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### **NCUA MODIFIES SHARE INSURANCE SIGN REGULATION**

NCUA has amended its regulation to prescribe a new official share insurance signage. The new regulation gives federally insured credit unions six months to replace existing insurance signage at stations or windows where the credit union receives insured funds or deposits. That six month window applies also to displays by a credit union's branches, as well as on its website.

NCUA has posted a downloadable graphic on its website and announced it has mailed an initial supply of new signs to each federally insured credit union. There will be a \$100 per day noncompliance penalty after the initial grace period ends.

### **ENVIRONMENTAL RISK ASSESSMENT**

The potential adverse effect of environmental contamination on the value of real property and the potential for liability under various environmental laws are important factors in evaluating member business loans (MBLs). Thus, when considering a MBL that will be secured by real estate, a credit union is required under the provisions of Rule 91.709 to make an environmental impact assessment in order to evaluate the potential adverse effect of environmental contamination on the value of real property and the potential environmental liability associated with the real property. This environmental assessment should be commensurate with the level of risk involved. That is, business loans to higher risk businesses or in localities of known contamination require more elaborate and sophisticated environmental risk assessments than those to lower-risk businesses or localities.

### **FOCUS ON PREPAREDNESS**

Credit unions have both a fiduciary and philosophical duty to make sure their services are available to members under most any circumstances. To live up to that responsibility, credit unions need to plan for a wide range of potential conditions and be prepared to respond in an orderly and productive manner.

## **Focus on Preparedness (Continued):**

Too often it seems we think about disasters in terms of events – fire, hurricane, flooding. But the Department suggests that a better way to approach planning is to ignore the possible causes and think in terms of planning for symptoms. It really doesn't matter if you lose the use of your office building due to fire, flood, chemical spill or other cause. Being prepared means that, for example, if your office building becomes uninhabitable, everyone knows what to do or who to call. The terrorist attacks on September 11, 2001, and the recent devastation from hurricanes Katrina and Rita are reminders that credit unions must be ready for a disaster of any magnitude or duration.

### **RESPONSE TO REPORT OF EXAMINATION**

The credit union's board of directors is responsible for ensuring that a formal review of the Department's Report of Examination is completed and documented in the board minutes. The board is also responsible for ensuring that appropriate action is taken to resolve any findings identified during the examination. Although it is the Department's intent to work with credit unions in a cooperative manner, the failure to address the examination findings in a timely manner will be grounds for further administrative action against the credit union by this office. In instances where there is a disagreement over a specific finding, or the officials determine that the established timeframe for correcting the deficiency can not be met, a formal response should be submitted to the Department to clarify these issues.

### **MEMBER COMPLAINT REPORT**

For fiscal year 2006, ending August 31, 2006, the Department responded to 84 written complaints from credit union members. The complaints involved 41 different credit unions. This is down from the prior fiscal year when the Department responded to 91 complaints involving 50 credit unions. The most common subjects of complaint were repossession and collection issues, fees, and unauthorized debits.

The Department also handled numerous calls from unhappy members, many of whom do not complete a written complaint. Frequently the member does not understand the loan agreement or does not understand the terms of the account agreement, but often the complaint involves credit union policies or service. The Department appreciates your prompt responses to the complaints and encourages you to continue to include any relevant documentation in your response.

### **NEWSLETTER NOTICE**

As required by statute, each state agency must obtain an annual confirmation from individuals receiving monthly publications at no charge. Specifically, the law requires that a notice be placed in three consecutive issues of the publication, and that anyone desiring to continue to receive the publication must so indicate in writing. Please submit the enclosed form to our office if you desire to continue to receive the Department's newsletter each month. Faxes are welcomed ([Click here for the form](#)).

If you responded to last month's notice, you need not take any further action.

## **AUTHORIZATION FOR FILING IRS FORM 990 GROUP TAX RETURN**

Section 15.412 of the Texas Finance Code authorizes the Department to file a consolidated Form 990, Group Return with the Internal Revenue Service on behalf of all credit unions under the Department's jurisdiction. The Department was authorized by the Internal Revenue Service on June 18, 1976 to file a consolidated group return under Group Exemption Letter #2742.

Included with the mailing of the year-end call reports will be an authorization form to be completed by each credit union and returned to this office on or before **January 22, 2007**. The credit union will certify that the information submitted is true and correct and will authorize the Department to include the credit union's information in the group return.

Please note that credit unions with unrelated business income of \$1,000 or more are also individually responsible for filing an IRS Form 990-T.

## **PUBLISHING NOTICE OF APPLICATIONS IN THE TEXAS REGISTER**

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><b>Published In</b></u>	<u><b>Deadline for Receipt</b></u>
December, 2006	Friday, December 15
January, 2007	Friday, January 12

## **APPLICATIONS APPROVED**

Applications approved since October 31, 2006 include:

<u><b>Credit Union</b></u>	<u><b>Changes or Groups Added</b></u>
Field of Membership Change(s) Approved:	
<b>TexasOne Community Credit Union</b> (Houston)	See Newsletter No. 09-06
<b>Concho Valley Credit Union</b> (San Angelo)	See Newsletter No. 09-06
<b>Lone Star Credit Union</b> (Dallas)	See Newsletter No. 09-06
Articles of Incorporation Change(s) Approved:	
<b>Access Credit Union</b> (Amarillo)	See Newsletter No. 09-06
<b>Associated Credit Union of Texas</b> (Deer Park)	See Newsletter No. 09-06
Charter Change(s) Approved:	
<b>1<sup>st</sup> University Credit Union</b> (Waco)	50 Years to Perpetuity
<b>Firstmark Credit Union</b> (San Antonio)	50 Years to Perpetuity
<b>United Credit Union</b> (Tyler)	50 Years to Perpetuity
<b>GECU</b> (El Paso)	50 Years to Perpetuity
<b>Federal Employees Credit Union</b> (Texarkana)	50 Years to Perpetuity

## Charter Change(s) Approved (Continued):

<b>Cabot &amp; NOI Employees Credit Union</b> (Pampa)	50 Years to Perpetuity
<b>Corpus Christi Postal Employees CU</b> (Corpus Christi)	50 Years to Perpetuity
<b>SAFE Credit Union</b> (Beaumont)	50 Years to Perpetuity
<b>Waco Postal Credit Union</b> (Waco)	50 Years to Perpetuity
<b>Amarillo Postal Employees Credit Union</b> (Amarillo)	50 Years to Perpetuity
<b>Credit Union of Texas</b> (Dallas)	50 Years to Perpetuity

## APPLICATIONS RECEIVED

The following applications were received and published in the November 24, 2006 issue of the Texas Register:

Field of Membership Expansion(s):

**Metro Medical Credit Union** (Dallas) – To permit persons who live, worship, attend school or work within ten (10) miles of the Metro Medical Credit Union offices located at 8828 Stemmons Freeway, Suite 113, Dallas, Texas 75247 and 5201 Harry Hines Blvd., Dallas, Texas 75235, to be eligible for membership in the credit union.

**BNSF Credit Union** (Amarillo) – To permit persons who live, work, attend school, or worship in and businesses located in a 10-mile radius of BNSF Credit Union’s main office, located at 1619 Pecos, Amarillo, Texas 79102, to be eligible for membership in the credit union.

**Firstmark Credit Union** (San Antonio) – To permit persons who attend school in Dimmit, Frio, LaSalle, McMullen, and Zavala Counties, Texas, 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.tcred.state.tx.us/applications.html>. 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(s) or Consolidation(s) Changes:**

An application was received from **PIA MidAmerica Credit Union** (Dallas) seeking approval to merge with **Corner Stone Credit Union** (Lancaster), with the latter being 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 Texas Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.

*HOLIDAY SCHEDULE FOR TCUD*

The Department's office will be closed on **December 25-26, 2006** in observance of Christmas.



*All of us join in wishing you a wonderful Holiday Season with the very best of everything in the coming new year!*