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# Credit Union Department



## NEWSLETTER

No. 04-09

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

April 30, 2009

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### **"RED FLAGS" RULE TAKES EFFECT**

The Federal Trade Commission's identity theft "red flags" rule for state-chartered credit unions goes into effect on May 1. The rule was developed to implement parts of the Fair and Accurate Credit Transactions (FACT) Act of 2003.

Last October, the FTC postponed its effective date because of concern that some entities under its jurisdiction—such as automobile dealers and utility companies--were unaware that the rule applied to them as well as to credit unions.

Under the rule, credit unions and creditors with covered accounts must have identity theft prevention programs to identify, detect, and respond to patterns, practices, or specific activities that could indicate identity theft.

A covered account generally is a consumer account or any other account a credit union determines carries a foreseeable risk of identity theft.

### **SHARE INSURANCE COSTS**

While the Department recognizes that the actions taken by NCUA to stabilize the Corporate Credit Union Network are not directly controllable by individual credit unions, the increased costs will nonetheless materially impact the earnings and net worth of Texas credit unions. The Department will continue to examine, evaluate, and supervise credit unions on the basis of safety and soundness and overall risk management.

Credit unions that are otherwise considered safe and sound will not be subject to supervision and enforcement actions solely because of the extraordinary share insurance cost increases. Credit unions currently under Department supervision or enforcement actions will be closely reviewed, and, to the extent the share insurance cost increases cause further financial deterioration and increase safety and soundness concerns, additional regulatory actions may be considered on a case by case basis.

## **CALL REPORT SUBMITTAL DEADLINE**

The Department has experienced an increase in the number of quarterly call reports received after the established submittal deadline. This results in additional staff time and resources being devoted to collecting the information. In order to allow us to obtain and evaluate the data in a timely manner, we will no longer approve an extension of the call reporting deadline for individual credit unions. A credit union may still obtain a waiver of the late filing fee if the delay is the result of an emergency or other extreme extenuating circumstance. However, a decision on a waiver request will not be made until the call report has been received.

## **NEW NOTICE REQUIREMENTS**

As reported in last month's Newsletter, a credit union must provide a revised notice to its members relating to directing complaints to the Department. (See Commission Rule 91.121). For your convenience, a sample of the required complaint notification has been posted on the Department's website under Forms: [Complaint Notice](#)

In addition, a similar notice must be given with each privacy notice the credit union gives or sends to its members. The complaint notification should be a separate document from the privacy notice. No change should be made to the privacy notice itself.

## **CONFIRMATION REMINDER**

Credit unions that are filing the 2008 IRS Form 990 individually are reminded that they must send the Department a confirmation that the form has been filed on time (including extensions) with the IRS and that the credit union's board of directors reviewed and approved the form.

The confirmation should be sent by mail, email (to [betsy.loar@tcud.state.tx.us](mailto:betsy.loar@tcud.state.tx.us)), or fax (512-832-0278) no later than ten days after you file the return. The return is due to IRS on May 15, 2009 unless you receive an extension.

If you need assistance in preparing the form, Commission member Thomas Butler has arranged for the University of St. Thomas in Houston to provide an intern from its accounting department to help. Her name is Paula Henao and she can be reached at [henaop@stthom.edu](mailto:henaop@stthom.edu) or 832-493-4261. Feel free to contact her with your questions.

## **NOTICE OF HEARING ON PROPOSED RULES**

The Department will conduct a public hearing on behalf of the Credit Union Commission for the purpose of receiving oral comments on the following proposed new and amended rules: **7 TAC §§ 91.208, 91.209, 97.101, 97.102, 97.107, 97.113, 97.114, 97.205, 97.207, 97.300, 91.802, and 91.8000**. The public hearing will be held at 9:00 a.m. on May 15, 2009 at 914 East Anderson Lane, Austin, Texas 78752. To be considered, an oral comment must be received at this public hearing; at the conclusion of the hearing, no further oral comments will be considered or accepted by the Commission.

## **HOME EQUITY MODIFICATION ADVISORY BULLETIN**

The Finance Commission agencies and the Credit Union Department have issued an advisory bulletin providing guidance for creditors who wish to modify home equity loans. The bulletin, which is not an interpretation issued under Finance Code §15.413, is posted on the Department's website ([www.t cud.state.tx.us](http://www.t cud.state.tx.us)) under What's New.

### **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.

<b><u>Published In</u></b>	<b><u>Deadline for Receipt</u></b>
<b>May, 2009</b>	<b>Friday, May 15</b>
<b>June, 2009</b>	<b>Friday, June 12</b>

### **APPLICATIONS APPROVED**

Applications approved since March 31, 2009 include:

<b><u>Credit Union</u></b>	<b><u>Changes or Groups Added</u></b>
Field of Membership Change(s) Approved:	
<b>Associated Credit Union of Texas</b> (Deer Park)	See Newsletter No. 01-09
<b>First Service Credit Union</b> (Houston)	See Newsletter No. 02-09
Charter Change(s) Approved:	
<b>Highway Employees Credit Union</b> (Tyler)	50 Years to Perpetuity

### **APPLICATIONS RECEIVED**

The following applications were received and published in the April 24, 2009 issue of the *Texas Register*:

Field of Membership Expansion(s):

**Associated Credit Union of Texas** (Deer Park) -- To permit persons who work or reside within a 10-mile radius of the following ACUTX branch location: 1550 Grand Parkway, Katy, TX 77493, 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.t cud.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.