



Credit Union Department

* * NEWSLETTER * *

No. 5-02

May 31, 2002

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Notice of Legislative Advisory Committee Meeting

The Legislative Advisory Committee will meet in Austin on Friday, June 21, 2002, at 9:00 a.m., in the conference room of the Department. A draft copy of the agenda is attached.

Commission Member Makes "Best of List"

The Department is proud to report that Mr. James K. Burnett was recently listed, by D Magazine, as one of the "Best Lawyers Under 40 in Dallas." With more than 3,000 lawyers under the age of 40 in the magazine's survey area, those making the list comprise the top 4 percent.

Governor Rick Perry appointed Mr. Burnett, who is a partner with the law office of Burnett, Trahan & Johnson, LLP, to the Commission on August 22, 2001. He has been lead counsel on nursing home negligence cases throughout Texas, Tennessee, and Missouri. While Mr. Burnett represents injury victims and their families on matters ranging from auto accidents to wrongful death, he is also nationally recognized for his work in surrogacy law and has helped many couples across the country become parents through surrogacy. His view and cases have been featured on various media outlets including Fox News and ABC News.

Commission Member Testifies before Senate Banking Committee Hearing

The Department is very pleased to report that Mr. Rufino Carbajal, Jr., of West Texas Credit Union in El Paso recently testified on behalf of CUNA before the Senate Banking Committee on the "unbanked." Mr. Carbajal's testimony not only focused on West Texas Credit Union's initiatives but also the efforts of credit unions across the nation. He also provided testimony on first accounts, individual development accounts, financial education for the youth and underserved, affordable housing, and low-cost wire transfers.

Appropriation for Non-Conforming Investments

As a condition of maintaining share insurance with the National Credit Union Share Insurance Fund, state-chartered credit unions are required to establish a special reserve for certain non-conforming investments. An "Appropriation for Non-Conforming Investments" must be established for any investment permitted by state law that is not an authorized investment for federally-chartered credit unions. The reserve must be adjusted prior to the end of each dividend period to reflect the net excess of the book value over current market value of the investment. The most common non-conforming investment for Texas-chartered credit unions is Credit Union Bank Shares, Inc. (CUBS). However, management must also ensure that the reserve is established for any other investment not authorized for a federal credit union.

Audit Requirement

Commission Rule 91.516 requires the board of directors of each credit union to obtain or cause to be performed an annual audit of the credit union. The annual audit requirement is satisfied if an acceptable audit is completed once each calendar year. The Department considers the date the work was performed, rather than the effective date of the audit, in determining whether an audit was completed in a specific calendar year. For an audit with an effective date more than 12 months from the previous effective date, the officials must ensure that the consecutive calendar year requirement is met.

Report of Additional Offices and Service Facilities

Credit unions are reminded that they must notify the Department in writing before establishing an additional office or service facility. Further, a credit union must provide the Department with written notification of the date any new office or service facility becomes operational. Although these statutory requirements have been effective for many years, it appears that a number of credit unions have failed to provide either one or both of the required notifications. Accordingly, to ensure the integrity of the Department's database we are requesting that all credit unions complete and return the enclosed Report of Additional Offices and Service Facilities by **July 1, 2002**. If your credit union does not have any locations other than its principal place of business, please return the form indicating that the additional location section is "**not applicable**" to your credit union.

Should you have any questions, please contact **Isabel Velasquez at (512) 837-9236**.

Department Application Forms

As a public service, the Department has recently added guidance and instructions to its web site to provide assistance to credit unions wishing to file field of membership, name change and/or other amendments to its Bylaws or Articles of Incorporation. In addition, we have updated our application/forms to an 8-1/2 x 11 format. In the future, we encourage credit unions to use the revised Application Forms which are available for download at www.t cud.state.tx.us/Applications.html.

Publishing Notice of Applications in the Texas Register

(www.sos.state.tx.us)

In order to meet the submission deadlines for the applicable issues of the Texas Register, it is necessary for the Department to establish the following schedule. Completed applications received after the deadline for the month cannot be published until the following month.

<u>For an Application To be Published</u>	<u>Deadline for Receipt of An Application</u>	<u>Comment Period Will Conclude on</u>
June 2002	Friday, June 14	July 30
July 2002	Friday, July 12	August 30
August 2002	Friday, August 16	September 30
September 2002	Friday, September 13	October 30

Applications Approved

Applications approved since April 30, 2002 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
Field of Membership Changes Approved:	
East Texas Professional Credit Union (Longview)	See Newsletter No. 04-02
Ward County Teachers Credit Union (Monahans)	See Newsletter No. 04-02
Articles of Incorporation Approved:	
Corpus Christi Area Teachers Credit Union (Corpus Christi)	See Newsletter No. 03-02
TCUL Credit Union (Dallas)	See Newsletter No. 04-02

Applications Received

The following applications were received and published in the May 31, 2002 issue of the *Texas Register*:

Field of Membership Expansion(s):

Associated Credit Union (Deer Park) - To permit persons who work or reside within a 10-mile radius of the following ACU branch locations: 309 West X Street, Deer Park, Texas 77536; 6306 Broadway, Pearland, Texas 77581; 10228 Broadway, Pearland, Texas 77581; and 3775 South Main, Pearland, Texas, to be eligible for membership in the credit union excluding any person eligible for primary membership in any occupational based credit union at the time membership is sought.

Houston Energy Credit Union (Houston) – To permit employees of Kinder Morgan who work in or are supervised from Houston, Texas to be eligible for membership in the credit union.

Houston Energy Credit Union (Houston) – To permit employees of Royal Window Coverings who work at or are paid from or supervised from Houston, Texas to be eligible for membership in the credit union.

Kraft America Credit Union (Garland) – To permit employees of the subsidiaries, affiliates or successors of any Select Employee Group included within Kraft America's field of membership to be eligible for membership in the credit union.

MemberSource Credit Union (Houston) – To permit employees of US Oncology who work in or are paid or supervised from Houston, 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 the <http://www.TCUD.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.

Applications Received (Continued)

Articles of Incorporation Change(s):

Brazos County Federal Employees Credit Union (College Station) - The credit union is proposing to change its name to FedStar Credit Union.

Southeast Affiliated Federal Employees Credit Union (Beaumont) – The credit union is proposing to change its name to SAFE 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.



