
Credit Union Department



NEWSLETTER

No. 01-06

www.tcu.d.state.tx.us

January 31, 2006

NOTICE OF CONCURRENT COMMISSION MEETING

The Credit Union Commission will meet concurrently with the Finance Commission of Texas on Friday, February 17, 2006, at 9:00 a.m., in Austin at the Texas State Capitol, Capitol Extension, Room E1.036. The purpose of the concurrent meeting is to address various Home Equity Lending Interpretations. For your convenience, the agenda will be available on the TCUD website the week of January 30th.

NOTICE OF REGULAR COMMISSION MEETING

The Credit Union Commission will hold its regular meeting on Friday, February 17, 2006, at 10:00 a.m., or 15 minutes after the adjournment of the concurrent meeting in Austin, at the Texas State Capitol, Capitol Extension, Room E1.036. For your convenience, the agenda will be available on the TCUD website the week of January 30th.

OWNER OCCUPIED PROPERTY

The Commissioner recently issued an opinion letter to clarify the meaning of the term "owner occupied" property as used in Commission Rule §91.704. The rule addresses the maximum loan-to-value ratio and maturity limit for various categories of real estate loans. Our analysis determined that the intent of the Credit Union Commission was to limit the owner-occupied provision to loans secured by the owner's principal residence. As a result, the opinion letter clarifies that the term "owner occupied" property, when used in conjunction with the provisions of Commission Rule 91.704, means that the owner of the underlying real property occupies a unit on the real property as a principal residence of the owner.

PHISHING SCAMS

As you may be aware, Texas credit unions have recently been used in phishing scams. According to the Federal Trade Commission (FTC), the nation's consumer protection agency, phishers send an email or pop-up message that claims to be from a legitimate business or organization. The message asks the recipient to "update," "validate," or "confirm" account information. The messages direct consumers to a website that looks just like a legitimate organization's site. But it isn't. It's a bogus site whose sole purpose is to trick individuals into divulging personal information so the operators can steal their identities and run up bills or commit crimes in their names. If you become aware of a phishing scam involving state chartered credit unions you should notify the Department and forward the email that is phishing for information to spam@uce.gov so that it can be available to law enforcement. You should also forward it to the credit union impersonated in the phishing email. This will allow the credit union being impersonated to put an alert on their website to warn the public about the scam.

BANK SECRECY ACT AND ANTI-MONEY LAUDERING

The post-9/11 world is profoundly different in many ways from what it used to be, and that is certainly true in the BSA area. Whether we like it or not, the traditional concerns of BSA, that of disrupting the money flow of the drug trade and other illicit activity, have been joined with concerns about combating the financing of terrorism.

Neither credit unions nor the Department can afford to adopt a casual approach to BSA compliance and we encourage a four-step approach for credit unions to meet their BSA/AML responsibilities:

- Establish a culture of compliance that begins at the very top and permeates all layers of the organization. It is absolutely necessary that a credit union's commitment to BSA/AML compliance start at the board and senior management level, and run through all levels of the credit union.
- Know the credit union's risks. While different approaches may be appropriate for different institutions, it should begin with a thorough and honest assessment of the credit union's products, members, and service area.
- Design and implement a BSA/AML compliance program that is commensurate with the credit union's risks. This is the most critical element of an effective BSA/AML program and an area in which one size does not fit all.
- Pay attention to the examiners. Credit unions should always feel free to ask questions, provide feedback, and even challenge an examiner's conclusion through appropriate channels. But when those avenues have been exhausted, and an examiner's findings have been reduced to some form of supervisory warning, failing to correct the problem will only result in stronger and more forceful supervisory action.

Through our collective efforts, we believe we can achieve and sustain a level of BSA/AML compliance and supervision that better ensures our State's credit unions are not used as vehicles for money laundering, terrorist financing, or other illicit activity.

ELECTRONIC DELIVERY CHANNELS

To better utilize assessment fees imposed on Texas chartered credit unions and to expedite the delivery of information, the Department, from time to time, delivers correspondence of non-confidential information to credit unions through electronic delivery channels.

The correspondence will include items such as this Newsletter, surveys, delinquent report notices, as well as other regulatory alerts we feel may be informational. These items will be delivered via email to the president at the address the credit union has designated. If the president has not been receiving this information, the credit union should verify the appropriate email address with Isabel Velasquez at isabel.velasquez@tcud.state.tx.us. Those credit unions without an email address on file with the Department will continue to receive hard copies of this type of correspondence through regular mail.

HOME MORTGAGE DISCLOSURE ACT

The Board of Governors of the Federal Reserve System has raised the asset size exemption threshold to \$35 million for depository institutions that are required to report data under the Home Mortgage Disclosure Act (HMDA). The previous exemption level was \$34 million. Institutions with assets of \$35 million or less as of December 31, 2005, will not be required to collect HMDA data in 2006.

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>Published In</u>	<u>Deadline for Receipt</u>
February, 2006	Friday, February 10
March, 2006	Friday, March 10
April, 2006	Friday, April 14

APPLICATIONS APPROVED

Applications approved since December 31, 2005 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
Field of Membership Change(s) Approved:	
First Service Credit Union (Houston)	See Newsletter No. 11-05
MemberSource Credit Union (Houston)	See Newsletter No. 11-05
Merger or Consolidation Change(s) Approved:	
Dallas County CU with Texans CU	See Newsletter No. 11-05

Charter Change(s) Approved:

Tarrant County CU (Fort Worth)	50 Years to Perpetuity
Central Texas Teachers CU (Corsicana)	50 Years to Perpetuity
Capitol CU (Austin)	50 Years to Perpetuity
Texas DPS CU (Austin)	50 Years to Perpetuity
Travis County CU (Austin)	50 Years to Perpetuity
Service 1st CU (Greenville)	50 Years to Perpetuity
Centex Citizens CU (Mexia)	50 Years to Perpetuity
Del Rio SP CU (Del Rio)	50 Years to Perpetuity
Trans Texas Southwest CU (San Angelo)	50 Years to Perpetuity
Angelina County Teachers CU (Lufkin)	50 Years to Perpetuity
USECO CU (Dallas)	50 Years to Perpetuity

APPLICATIONS RECEIVED

The following applications were received and published in the January 27, 2006 issue of the Texas Register:

Field of Membership Expansion(s):

Energy Capital Credit Union (Houston) -- To permit persons who live, work, worship, or attend school within a 10 mile radius of the credit union office located at 18540 Northwest Freeway, Houston, Texas, to be eligible for membership in the credit union.

Texas Employees Credit Union (Dallas) -- To permit employees of the Jimmy Gary Insurance Agency who work in or are paid or supervised from Arlington, Texas, to be eligible for membership in the credit union.

PosTel Family Credit Union (Wichita Falls) – To remove exclusionary language relating to employees in or residing in the Windthorst chartered area in Archer County, Texas.

Texans Credit Union (Richardson) – To permit individuals who live, work or attend school within a 10-mile radius of the Texans Credit Union branch located at 3232 Main Street, Frisco, 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.tcup.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.

HOLIDAY SCHEDULE FOR TCUD

The Department's office will be closed on **February 20, 2006**, in observance of President's Day.