

---

# *Credit Union Department*



## *NEWSLETTER*

No. 05-08

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

May 31, 2008

---

### **NOTICE OF REGULAR COMMISSION MEETING**

The Credit Union Commission will hold its regular meeting on Friday, June 20, 2008, at 10:00 a.m., in the conference room of the Department. ([Click here for a copy of the agenda](#)).

### **COMPLIANCE WITH TRUTH IN SAVINGS AND ELECTRONIC FUND TRANSFER ACT RULES**

The U.S. Government Accountability Office (GAO) has published a report (Report 08-281), which raises questions about whether consumers are able to request and obtain account terms, conditions, and fee disclosure prior to account opening. The report also raised questions about whether consumers can obtain information about these items on institution websites.

The GAO found that consumers shopping for a checking or savings account may find it difficult to obtain information about terms, conditions, and fees. Regulation DD, which implements the Truth in Savings Act (TISA), requires credit unions to disclose the amount of any fee that may be imposed in connection with an account and the conditions under which such fees are imposed. Regulation E, which implements the Electronic Fund Transfer Act, requires credit unions to provide members with initial disclosures that explain the terms and conditions of EFT services.

Credit unions should ensure that:

- Account terms and conditions and fee disclosure information is available to members upon request, prior to account opening, regardless of whether they are existing or prospective members;
- Employees receive training that incorporates the requirements of Regulation DD and Regulation E;
- Account information and fee disclosures, particularly disclosures related to electronic transactions provided to members are:
  - Clear and understandable; and
  - Available in a written form that the member may keep.

- Recordkeeping requirements include retention of account disclosures and fee disclosures sufficient to determine compliance with Regulation DD and Regulation E.

A copy of the GAO report is available electronically at: <http://www.gao.gov/new.items/d08281.pdf>

## **BEST PRACTICES FOR DEALING WITH HEIGHTENED LEVELS OF ASSET QUALITY ISSUES**

Many credit unions are facing significant earnings pressures as a result of a combination of tightened net interest margins, increased provisions for loan losses and increased collections expenses. While it is important during a period such as this to carefully monitor expenses and perhaps even reduce expenditures, credit unions are also determining that it is imperative that competent personnel with experience in collections are a prudent and necessary area of expenditure. As a result, a number of credit unions have actually increased staffing in the lending area during this challenging period in order to help them manage, and hopefully reduce, the level of delinquent loans and loan losses.

### **REPORT SUBMITTAL DEADLINES**

The following reports must be submitted to the Department by all credit unions:

**Report of Officials** – Submittal Deadline: Within 10 days after election of the board officers after the 2008 annual meeting

- Report provides the name and contact information for each of your credit union's directors and other key officials for the current year. The Report of Officials program and instructions were mailed to each credit union with the call report packet on January 2, 2008.

**Second Quarter Call Report** – Submittal Deadline: July 21, 2008

- Report of accounting and statistical information from the credit union's records as of June 30, 2008. The call report software and instructions for completion and electronic submittal will be mailed to each credit union on June 30, 2008.

### **RULE CHANGES**

Our office recently received a question regarding the Department's process for notifying credit unions of changes to the Commission Rules. A proposed or recent change to the Commission Rules, also referred to as Title 7 Part 6 of the Texas Administrative Code, can be found on the Department's website under the "Resources" tab. The website includes a link to the administrative rules established by the Credit Union Commission that apply directly to all Texas credit unions. Our website also includes a section for recently adopted rules and proposed rule changes. When a rule change is approved by the Commission, notice of the final rule is published in the *Texas Register* and the Department's Newsletter. One printed copy of the revised rules is also mailed to each credit union within 60 days after adoption of a rule change.

**CREDIT UNION RANKINGS AND FINANCIAL TRENDS AS OF**  
**12/31/07**

The 2007 credit union rankings by assets and financial trends can be viewed on our website under the "Reports" tab or you can contact Isabel Velasquez for a printed copy.

**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>June, 2008</b>          | <b>Friday, June 13</b>             |
| <b>July, 2008</b>          | <b>Friday, July 11</b>             |

**APPLICATIONS APPROVED**

Applications approved since April 30, 2008 include:

| <b><u>Credit Union</u></b>  | <b><u>Changes or Groups Added</u></b> |
|---|---------------------------------------|
| Field of Membership Changes Approved:                                 |                                       |
| <b>Service 1<sup>st</sup> Credit Union</b> (Greenville) (Conditional) | See Newsletter No. 08-07              |
| <b>Texans Credit Union</b> (Richardson)                               | See Newsletter No. 02-08              |
| <b>U.S. Employees Credit Union</b> (The Woodlands)                    | See Newsletter No. 02-08              |
| <b>Cooperative Teachers Credit Union</b> (Tyler) (#1 & #2)            | See Newsletter No. 03-08              |

**APPLICATIONS RECEIVED**

The following applications were received and published in the May 30, 2008 issue of the *Texas Register*.

Field of Membership Expansion(s):

**Midwestern State University Credit Union** (Wichita Falls) – To permit students who are officially accepted and attending Midwestern State University, to be eligible for membership in the credit union.

**MemberSource Credit Union** (Houston) – To permit employees of Satellite Logistics Group, and their subsidiaries, affiliates or successors who work in, 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 <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.

Articles of Incorporation Change(s):

**U.S. Employees Credit Union** (The Woodlands) – To amend its Articles of Incorporation relating to place of business.

Merger(s) or Consolidation(s):

An application was received from **Sid Richardson Employees State Credit Union** (Odessa) seeking approval to merge with **Members Financial Federal Credit Union** (Midland), with the latter being the surviving credit union.

An application was received from **First Central Credit Union** (Waco) seeking approval to merge with **Superior Community Credit Union** (Brownwood). First Central 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 Texas Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.

