
Credit Union Department



NEWSLETTER

No. 11-08

www.tcred.state.tx.us

November 30, 2008

IRS Form 990 Matters

All credit unions, whether they plan to file the IRS Form 990 individually, or participate in the consolidated group filing which the Department will complete, must become familiar with the Form 990. The link below takes you to the IRS website page which contains the 2008 Form 990, the related schedules, and the instructions: <http://www.irs.gov/charities/article/0,,id=185561,00.html>

Although the Form 990 is still in draft status, the IRS has indicated that the final form will be substantially the same. The Department will ask the credit unions who are participating in the consolidated group 990 to complete the form and submit it to the Department. The Department will then consolidate the information received from all of the participating credit unions. Consequently, we recommend that your staff begin studying the form and instructions to become familiar with the questions asked and the schedules that your individual credit union will need to complete.

IRS has put together a series of brief mini courses explaining some of the requirements of the Form 990. The courses can be found at www.stavexempt.org/home_mini_courses.html.

More 990 Information

CUNA has archived its recent webinar on the updated Form 990. Click on the following link to learn more: http://training.cuna.org/elearning/webinar/AW11118_fct.html.

The webinar reviews the information needed to complete the Form 990 and also discusses UBIT requirements. You must register to view the webinar.

Red Flags Rule Compliance Deadline

As reported in the October newsletter, the Federal Trade Commission has suspended enforcement of the new "Red Flags Rule" until May 1, 2009, to give financial institutions additional time to develop and implement written identity theft prevention programs. However,

credit unions should be mindful that the delayed compliance deadline only applies to the development and implementation of a written identity theft prevention program (16 CFR 681.2); it does not apply to the address discrepancy rules (16 CFR 681.1) that were issued at the same time as the Red Flag Rules, or the duties of card issuers regarding changes of address (16 CFR 681.3).

Branch Closings

Credit unions are reminded that Commission Rule 91.5005 requires any credit union, which is permanently closing a branch office or service facility, to give 60 days prior notice to its members and the Department of the proposed closing. In addition, the credit union must post notice at the office or service facility site at least 30 days prior to closing. The notice in the branch or service facility must be posted in a conspicuous manner and should state the proposed date of closing and identify where members may obtain service following the closing date.

Rule Review

The Texas Credit Union Commission will review and consider for re-adoption, revision, or repeal Chapter 97, §§**97.101** (Meetings), **97.102** (Delegation of Duties), **97.103** (Recusal or Disqualification of Commission members), **97.105** (Frequency of Examination), **97.107** (Related Entities), **97.113** (Operating Fees), **97.114** (Charges of Public Records), **97.200** (Employee Training Program), **97.205** (Use of Historically Underutilized Businesses), **97.207** (Contracts for Professional or Personal Service) and **97.300** (Gifts of Money or Property). Each rule will be reviewed to determine whether it is obsolete, whether the rule reflects current legal and policy considerations, and whether the rule reflects current procedures for the Department. In addition, the Department invites comments on how to make these rules easier to understand. For example:

- ❑ Do the rules organize the material to suit your needs? If not, how could the material be better organized?
- ❑ Do the rules clearly state the requirements? If not, how could the rule be more clearly stated?
- ❑ Do the rules contain technical language or jargon that isn't clear? If so, what language requires clarification?
- ❑ Would a different format (grouping and order of sections, use of headings, paragraphing) make the rule easier to understand? If so, what changes to the format would make the rule easier to understand?
- ❑ Would more (but shorter) sections be better in any of the rules? If so, what sections should be changed?

Written comments regarding these rules should be received no later than December 8, 2008. Any comments should be sent to Credit Union Department, 914 East Anderson Lane, Austin, Texas, 78752-1699 or by e-mail to info@tcred.state.tx.us.

Report: Complaints Against Credit Unions

In fiscal year 2008, ending August 31, 2008, the Department responded to 77 written complaints against 40 state chartered credit unions. This does not include the numerous calls the Department received from members who did not follow up with a formal written complaint. The numbers are down slightly from last year: 85 complaints concerning 44 different credit unions. One of the more frequent complaints concerned courtesy pay fees. Members typically do not understand why a debit card transaction that had not yet cleared the account reduced the

available balance and triggered fees. Members also complained about collection practices, member service, and the addition of single interest insurance premiums to their vehicle loans. It seems to be a common theme that members do not understand their account or loan terms.

The credit union responses to the complaints are an important part of the Department's complaint process. Your prompt reply allows us to more quickly help the member understand the problem. You are encouraged to send documentation with your response, particularly if you disagree with the member on the events at issue. For example, a copy of the letter you sent to the member will show that you properly notified the member before you took action. Copies of loan or account agreements with the relevant language highlighted will show your authority for the actions you took. This will bolster your position and make it easier for the Department to explain your actions to the member. Keep in mind that the Department sends the member a copy of your response and of all of the documentation you submit.

Applications Approved

Applications approved since October 31, 2008 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. 09-08
Cooperative Teachers Credit Union (Tyler)	See Newsletter No. 09-08
Field of Membership Change(s) Denied:	
Associated Credit Union of Texas (Deer Park)	See Newsletter No. 09-08
Merger(s) or Consolidation(s) Approved:	
Union Pacific & Transp. Empl. FCU with Texas Telcom CU	See Newsletter No. 06-08

Applications Received

The following applications were received and published in the November 30, 2008 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, and businesses and other legal entities located in Harris County, Texas or a ten mile radius of the following Energy Capital Credit Union office locations: 800 Bell Street, Houston, TX; 3120 Buffalo Speedway, Houston, TX; 4500 Dacoma, Houston, TX; 233 Benmar, Houston, TX; 13501 Katy Freeway, Houston, TX; 396 W. Greens Road, Houston, TX; and 18540 Northwest Freeway, Houston, TX, to be eligible for membership in the credit union.

Unity One Credit Union (Fort Worth) –To permit persons who live, work, worship or attend school within a ten mile radius of the following Unity One Credit Union locations: 6701 Burlington Blvd., Fort Worth, TX 76131; 4625 North Tarrant Parkway, Fort Worth, TX 76248;

2625 North Main St., Fort Worth, TX 76164; and 380 Jackson St., St. Paul, MN 55101, 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.

Merger(s) or Consolidation(s) Changes:

An application was received from **East Texas Professional Credit Union** (Longview) seeking approval to merge with **Rusk County Teachers Federal Credit Union** (Henderson), with East Texas Professional Credit Union being the surviving credit union.

An application was received from **Workforce Credit Union** (Fort Worth) seeking approval to merge with **Tarrant County Credit Union** (Fort Worth), 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 24-26, 2008** 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