
Credit Union Department



NEWSLETTER

No. 09-08

www.t cud.state.tx.us

September 30, 2008

NOTICE OF REGULAR COMMISSION MEETING

The Credit Union Commission will hold its regular meeting on Friday, October 24, 2008, at 10:00 a.m., in the conference room of the Department. For your convenience the agenda will be available on the TCUD website the week of October 13th.

BANK SECRECY ACT (BSA) NEWS

In keeping with its efforts to make BSA filing requirements more secure, efficient and effective, the Financial Crimes Enforcement Network (FinCEN) has announced its intention to retire the BSA Magnetic Media Filing Program.

Any credit union that currently files its BSA reports using the magnetic media filing system must transition to BSA Electronic Filing (E-Filing) by December 31, 2008. BSA E-Filing is a Web-based system that is user ID and password protected and does not require storage media. BSA E-Filing supports the filing of both single and multiple BSA reports and uses the same file format as the magnetic media program.

Credit unions currently using the magnetic media program may register to use BSA E-Filing at any time.

LIQUIDITY RISK MANAGEMENT

Given the recent stresses in the credit and capital markets, the Department urges credit unions to review their liquidity risk measurement and management systems to ensure that they adequately reflect the institution's complexity, risk profile, and scope of operations; most especially those institutions that have shifted from asset-based liquidity strategies to liability-based or off-balance sheet strategies (i.e., funding partly through brokered deposits, borrowings, or securitization). Liquidity measurement tools should match the credit union's fund management strategies and provide a comprehensive view of the institution's risk.

IRS FORM 990 REQUEST

Many credit unions have received a notice from the IRS indicating that they have not completed the 2007 Form 990. The Department completed a consolidated return on behalf of all credit unions that did not choose to file an individual return. To respond to this notice, credit unions should complete the notice by following the instructions on the notice. The information to complete the notice is found on the 2007 Form 990. A copy of that return was mailed to all credit unions in July and can also be found on the Department's website under the Resources link. The credit union should include a copy of the 2007 990 return with its response to the notice.

Instructions:

Section I: Add "See attached group filing".

Section II: Check the box marked "filed as part of group return"

Central Organization's Name: Credit Union Department of the State of Texas

Central Organization's EIN: 74-1646003

Group Return EIN: 74-6062733

Group Exemption Number: 2742

Section III: Add the following: "This is a group return filing completed by the Credit Union Department of the State of Texas", sign and date the form.

Return the form and a copy of the 2007 990 to the Internal Revenue Service.

UBIT QUARTERLY FILING REMINDER

Credit unions are reminded that if they are subject to unrelated business income tax (UBIT) and expect to owe \$500 or more for the tax year, they may be required to file a quarterly return with the Internal Revenue Service and pay installments of the estimated tax. These credit unions should consult a tax advisor for details as to their liability in this area.

SHARE INSURANCE ADVERTISING STATEMENT

Federally-insured credit unions are required to include the NCUA's official advertising statement in advertisements and on their websites. Subject to limited exceptions, Part 741.211 of the NCUA's Rules and Regulations specifies that a credit union's advertisements and the home page of the website must include the statement "This credit union is federally insured by the National Credit Union Administration". Alternatively, a credit union may use the short title "Federally insured by NCUA" if accompanied by a reproduction of the official NCUA sign. The official advertising statement must be in a size and print that is clearly legible. Based on the recent increased emphasis on the safety of deposits at financial institutions, credit unions are encouraged to ensure that their share insurance disclosures fully comply with the regulatory standard.

5300 CALL REPORT DEADLINE

Call report booklets and template instructions as well as the program disk for the quarter ending September 30, 2008 were mailed. The call report data disk must be received in the Department's

office or the data transmission files uploaded directly by “eSend” on or before **October 20, 2008**. Reports received after that date will be assessed a late fee. Please direct any questions to Isabel Velasquez, Executive Assistant to the Commissioner or Robert Baxter, Chief Examiner at (512) 837-9236.

5300 CALL REPORT EMERGENCY CONTACT PAGE

During the previous call report cycle, the Department experienced some difficulty in uploading call reports to NCUA because of errors on the Emergency Contact Page. The errors, while limited in number, generally involved how the physical address was being reported for the credit union’s Vital Records Center. Examples included incorrect address numbers or street names, incorrect zip codes, or missing room/suite numbers.

Credit unions should also be aware that in those instances when there was an error in the physical address, the call report program did not flag the errors with a “warning” or “critical error”, which allowed the credit union to E-send the report. Although the credit union received an email confirming that the report was sent, a follow-up message was also received indicating that the report was rejected because of errors on the Emergency Contact Page, which in some instances went undetected by credit union personnel.

In preparation for the upcoming call report cycle, please ensure that the physical address of your credit union’s Vital Records Center is accurately reported, and that you receive confirmation that the report was received and not subsequently rejected. This will help to improve our efficiency in processing the call reports and minimize disruptions for your staff members who are responsible for preparing and submitting the call report.

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>
October, 2008	Friday, October 17
November, 2008	Friday, November 14

APPLICATIONS APPROVED

Applications approved since August 31, 2007 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
Field of Membership Change(s) Approved:	
DATCU (Denton)	See Newsletter No. 06-08
Merger(s) or Consolidation(s) Changes Approved:	
Superior Community CU with First Central Credit Union	See Newsletter No. 05-08

Charter Conversion Approved:

Unity One Credit Union (Fort Worth)

Federal to State

APPLICATIONS RECEIVED

The following applications were received and published in the September 26, 2008 issue of the Texas Register.

Field of Membership Expansion(s):

Associated Credit Union of Texas (Deer Park) -- To permit persons who live, work, worship, or attend school in and businesses and other legal entities located in Harris County, Texas, to be eligible for membership in the credit union.

First Service Credit Union (Houston) – To permit employees of Baxter & Schwartz who work in or are paid from Houston, Texas, to be eligible for membership in the credit union.

TCC Credit Union (Dallas) – To permit persons who live, work, attend school, or worship in and businesses located within 10 miles of the TCC CU office located at 4200 South Freeway, Fort Worth, Texas, to be eligible for membership in the credit union.

Cooperative Teachers Credit Union (Tyler) – To permit persons who live work, worship, or attend school within Smith County, 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.

