
Credit Union Department



NEWSLETTER

No. 06-10

www.t cud.state.tx.us

June 30, 2010

Rules Updates Coming in July

As indicated in the last newsletter, the Department will be providing the next updates to the rules through a link to our website. The Department will post the updates to its website and will send credit unions email notification each time there is a new update. Updates will be archived each year.

Several credit unions responded favorably to our request for feedback. One credit union suggested that we allow the credit unions to designate the email address for the update notices; another thought the Department should set up a receipt notification to be sure the email arrived and was opened. We have incorporated both of those suggestions into our process. Accordingly, we are asking credit unions to let us know the email address to which we should send the update link. For any credit union that does not specify an email address, we will use the address we have for the credit union's president until notified otherwise. We will also publish the link in the newsletter that follows the update posting.

Credit unions are encouraged to send comments, suggestions, or questions on this process to info@t cud.state.tx.us. Credit unions that wish to designate an email address for update notification may send it to isabel.velasquez@t cud.state.tx.us.

Two New Rules Proposed

Although credit unions are cooperative financial institutions, the Department believes that, given the challenging economic environment, it is unfair to ask all credit unions to bear the burden of another credit union's questionable behaviors. Accordingly, the Commission has proposed two new rules requiring any credit union that costs the Department excessive legal or operational expenses to reimburse the Department for those expenses. This will result in a proportionate reduction of fees for other credit unions. The proposed new rules were designed to ensure that the Department's fees and assessments are more equitable for all credit unions. Excluded from these rules are costs attributable to contested cases between a credit union and the Department. In addition, safeguards are proposed for a credit union to appeal to the

Commission any charges under these rules. The two proposed rules, 97.115 and 97.116, are on the Department's website at www.tcad.state.tx.us under Resources. Credit unions are encouraged to send their comments and suggestions on these proposals to info@tcad.state.tx.us

2010 NCUSIF Assessment

The NCUA board recently announced an assessment equal to 0.134% of each federally-insured credit union's insured shares as part of the Corporate Credit Union Stabilization program. As detailed in NCUA Letter to Credit Unions 10-CU-09, each credit union should record the assessment expense on the June 2010 Call Report using the NCUSIF Stabilization Expense (Account Code 311). The dollar amount of the expense can be calculated by multiplying the March 31 level of insured shares and deposits (Account Code 069A) by 0.00134. The NCUA will invoice credit unions for this assessment in late July or early August.

CUSO SAFE Act Licensing Deadline Extended

Credit union CUSOs and employees that engage in residential mortgage lending have an additional sixty days to become licensed with the Department of Savings and Mortgage Lending (SML). SML, which handles the SAFE Act licensing for CUSOs, has extended the deadline from May 31, 2010 to July 31, 2010. For more information, check the SML website link: <http://mortgage.nationwidelicencingsystem.org/slr/Pages/DynamicLicenses.aspx?StateID=TXSML>.

Commission Approves FY2011 Budget

As a self-directed, semi-independent agency, the Department is no longer subject to the appropriations process and the Credit Union Commission has exclusively authority over the Department's budget. At its recent meeting, the Commission approved a budget of \$2,649,184 and authorized 24.5 staff members for fiscal year 2011. A more detailed breakdown of the [FY 2011 budget](#) can be found on the Department's website under Department News.

Mortgage Loan Registration Update

The NCUA Board recently approved its final rule on Part 761, which prescribes the mortgage loan originator registration requirements for credit unions and their employees based on provisions of the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act). It is expected that all federal financial institution regulators and the Farm Credit Administration will approve the interagency rule and it will be published in the *Federal Register* in the coming weeks.

For credit unions concerned about complying with the law, the rule clearly states that institutions will be provided public notice when the system is available for registration. This

notice will come sometime after the final rule is officially published. After the public notice is published, credit unions will have 180 days to transition on to the system. Additional information on the transition will be communicated after the final rule is published.

FAQs have been published on the FFIEC's website: <http://www.ffiec.gov/safeact.htm>. At this time, no action is required by credit unions or their mortgage loan originators.

Commission Creates Safe Harbor for Payday Loan Alternatives

At its meeting on June 18, 2010, the Credit Union Commission voted to adopt a new rule (91.720) that will reduce a credit union's potential usury liability for small-dollar, short-term credit offered as a responsible alternative to high-cost payday loans. For purposes of this rule, small-dollar, short-term credit is a loan or extension of credit that is \$1,100 or less, with a maximum term of six months, and minimal determination of credit worthiness. Recognizing that the key criterion for these minimally underwritten loans may be as little as a member's proof of recurring income, the rule establishes a presumption that fees of \$20 or less will be reasonable. In response to credit union concerns, the new rule does not prohibit higher fees but, like the existing requirements for any loan, the credit union is responsible for supporting the reasonableness of the fee or expense that is paid by the member. Although other restrictions do apply to small-dollar, short-term credit, the rule is not applicable to loans granted under a credit union's standard underwriting criteria.

Overdraft Protection

On November 17, 2009, the Board of Governors of the Federal Reserve System published in the Federal Register a final rule (Rule) that amends Regulation E, 12 C.F.R. Part 205, to address overdraft protection programs. The Rule generally prohibits credit unions from assessing fees for paying ATM and one-time debit card transactions that overdraw member accounts unless the member affirmatively consents, or opts in, to the overdraft protection program.

Credit unions are reminded that the Rule applies to new and existing accounts. For accounts opened before July 1, 2010, credit unions may not assess any overdraft fee on or after August 15, 2010, if the member has not opted in. For accounts opened on or after July 1, 2010, credit unions may not assess any overdraft fee unless and until the member has opted in.

NASCUS Directors College

The National Association of State Credit Union Supervisors (NASCUS) has organized a Directors College to be held September 29, 2010, in San Antonio, Texas just before the NASCUS State System Summit. We would like to encourage your consideration of this very important and relevant one-day session.

The agenda includes education on topics such as credit union director duties and responsibilities, responding to exam findings, and critical compliance and regulatory issues. Although developed for board members, the session is open to all credit union management and staff.

Early bird registration is \$149 and includes lunch. To register and see the full agenda, ([click here](#)). NASCUS Summit Attendees can register for the board college at no cost. If you have any questions, contact Jenny Champagne at jenny@nascus.org.

June 30 Call Report Cycle

The due date for the June 30, 2010 call report is July 23, 2010. Remember, each call report cycle, credit unions must go into their on-line Profile and make any changes necessary and certify these changes before completing the call report. Even if no changes to the Profile are necessary, the Profile must be certified before completing the call report. During the March 31, 2010 call report cycle, there continued to be different information in the Profile for CUSO activities than shown on the call report. Please double check and ensure the information on the call report and the Profile match. In addition, after the credit union's 2010 annual meeting, credit unions should go into the Profile and update any changes to the Board of Directors. This replaces the need to complete a paper copy of the Report of Officials.

Publishing Notice of Applications in the Texas Register

To meet the submission deadlines for the applicable issues of the *Texas Register*, the Department has established the schedule 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>
July, 2010	Friday, July 16
August, 2010	Friday, August 13

Applications Approved

Applications approved since May 31, 2010 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
Field of Membership Changes Approved:	
Credit Union of Texas (Dallas)	See Newsletter No. 04-10
Germania Credit Union (Brenham)	See Newsletter No. 04-10
Unity One Credit Union (Fort Worth) (#1) (#2) (#3)	See Newsletter No. 04-10
Baptist Credit Union (San Antonio)	See Newsletter No. 04-10

Merger or Consolidation Approved:

EECU (Fort Worth) and Fort Worth Star Telegram Empl. FCU See Newsletter No. 03-10
America's Credit Union (Gardland) and CAM FCU (Dallas) See Newsletter No. 03-10

Applications Received

The following applications were received and published in the June 25, 2010 issue of the *Texas Register*:

Field of Membership Expansions:

Neighborhood Credit Union (Dallas) -- To permit persons who work, reside, worship, or attend school within a 10-mile radius of the credit union branch office located at 1261 W. Campbell Rd., Richardson, TX 75080, to be eligible for membership in the credit union.

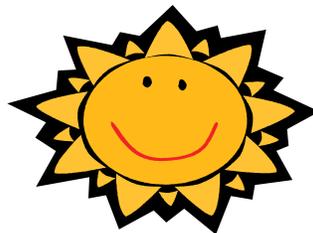
NCI Community Development Credit Union (Houston) -- To permit people who live, work, worship, or attend school within the following U.S. Postal Zip Codes: Ripley House - 77003, 77011, 77020, 77023; Cleveland Ripley Community Center - 77034, 77502, 77504, 77587; Harbach Ripley Community Center - 77033, 77022, 77076, 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.tcred.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 Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.

Articles of Incorporation Change:

Memorial Hermann Credit Union (Houston) – The credit union is proposing to change its name to Memorial 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 Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.



Have a great Summer