
Credit Union Department



NEWSLETTER

No. 11-10

www.t cud.state.tx.us

November 30, 2010

Identity Theft Red Flags Rule

Back in 2008, the Federal Trade Commission (FTC) issued regulations (16 CFR 681.1) requiring state-chartered credit unions to develop and implement written identity theft prevention programs, as part of the Fair and Accurate Credit Transaction (FACT) Act of 2003. Every credit union must have a program that provides for the identification, detection, and response to patterns, practices, or specific activities – known as “red flags” – that could indicate identity theft. Over the ensuing years, the FTC has issued several Enforcement Policies delaying enforcement of the rule. Unless the FTC, once again, extends its forbearance, a credit union could be subject to administrative enforcement of the FACT Act at the end of this year.

Change 27 Sent to Credit Unions

The most recent rules updates, [Change 27](#) was sent to credit unions electronically on November 8, 2010. Please contact our office if you have any questions.

Complaint Report FY 2010

For fiscal year 2010, the Department responded to 150 written complaints, up from 100 the previous fiscal year. As in prior years, fees and collections topped the list of grievances. Members complained that the credit unions charged improper or excessive overdraft fees and objected to the credit unions’ collection efforts. Related subjects included disputes over check holds and the order of posting credits and debits. Credit report accuracy and customer service were additional sources of controversy. Credit unions with assets of 100 million to 500 million received about 40% of the complaints, while representing about 15% of the credit unions.

Election Policy and Procedures

The Department receives a number of calls each year regarding unexpected complications related to the nomination and/or election of new board members. The inquiring credit union's election policies and procedures are frequently somewhat outdated in relation to the growth and increased complexity of the operation. Each credit union's bylaws require that the board of directors establish election rules as part of their written board policy. Commission Rule 91.302 also specifies additional policy/procedure requirements for any membership vote that uses electronic balloting, early voting, absentee voting, or mail balloting. In order to avoid unnecessary complications during the election process, we encourage each credit union to periodically review the adequacy of its nominating procedures and election rules.

Newsletter Notice

As required by statute, each state agency must obtain an annual confirmation from individuals receiving a paper copy of a monthly publication at no charge. Specifically, the law requires that a notice be placed in three consecutive issues of the publication, and that anyone desiring to continue to receive a paper copy of the publication must so indicate in writing. Please submit the enclosed form to our office if you desire to continue to receive a paper copy of the Department's newsletter each month. **(For those receiving an electronic link of the newsletter, no action is required).** Faxes are welcomed ([click here for the form](#)).

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> |
|---------------------|-----------------------------|
| December, 2010 | Friday, December 10 |
| January, 2011 | Friday, January 14 |

Applications Approved

Applications approved since October 31, 2010 include:

| <u>Credit Union</u> | <u>Changes or Groups Added</u> |
|--|--------------------------------|
| Field of Membership Change Approved: GECU (El Paso) | See Newsletter No. 08-10 |

Charter Conversion Approved:

Right Choice Credit Union (Houston)
YOUR Community Credit Union (Irving)

Federal to State
Federal to State

Applications Received

The following applications were received and published in the November 26, 2010 issue of the *Texas Register*:

Field of Membership Expansion(s):

Reed Credit Union (Houston) -- To permit persons who live, work, worship or attend school within a 10-mile radius of the credit union's office located at 10200 East Freeway Ste 125, Houston, Texas 77029, to be eligible for membership in the credit union.

First Central Credit Union (Waco) (#1) -- To permit members of Friends of Consumer Freedom who live, work, worship or attend school in Callahan, Eastland, Comanche, Mills, San Saba, McCulloch, Coleman, and Hamilton Counties, Texas, to be eligible for membership in the credit union.

First Central Credit Union (Waco) (#2) -- To permit members of Friends of Consumer Freedom who live, work, worship or attend school in Bosque, Johnson, Ellis, Navarro, Limestone, Falls, and Coryell Counties, Texas.

City Credit Union (Dallas) – To permit persons who work, worship, reside or attend school within a 10-mile radius of the branch office located at 3015 Frankford Road, Dallas, Texas, to be eligible for membership in the credit union.

YOUR Community Credit Union (Irving) -- To permit persons who live, worship, attend school, or work within a 10-mile radius of the following branches of YOUR Community Credit Union: 8384 N. Beltline Road, Irving, Texas 75063; 2101 Valwood Parkway, Farmers Branch, Texas 75234; 2823 E. Illinois Avenue, Dallas, Texas 75216; 9143 Boulevard 26, Suite 660, N. Richland Hills, Texas 76180; 17286 Tomball Parkway, Houston, Texas 77064; and 202 North Texas Avenue, Suite 400, Webster, Texas 77598, 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 or Consolidation:

An application was received from **First Service Credit Union** (Houston) seeking approval to merge with **Right Choice Credit Union** (Houston), with the latter being the surviving credit

union. Upon completion of the merger, the surviving credit union will use the name First Service Credit Union.

Foreign Credit Union to Operate a Branch Office:

An application was received from **Baxter Credit Union**, Vernon Hills, Illinois to operate a Foreign (out-of-state) Branch Office at 7034 Alamo Downs Parkway, San Antonio, Texas.

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.

Upcoming Holiday Schedule for TCUD

The Department's Office will be closed on December 24, 2010 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

This newsletter is produced monthly as a part of the Department's continued communication outreach with the credit unions it regulates. Delivery is generally provided by electronic notification of its availability on the Department's website at <http://www.t cud.state.tx.us>.

Suggestions and comments concerning the newsletter or its content should be sent to the Department at 914 East Anderson Lane, Austin, Texas 78752-1699 or via email to info@t cud.state.tx.us.