
Credit Union Department



NEWSLETTER

No. 03-11

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March 31, 2011

NET WORTH MANAGEMENT

The financial crisis has exposed some weaknesses in the credit union system, including excessive risk concentrations and inadequate net worth relative to risks. Some credit unions that were well-capitalized by federal regulatory standards at the onset of the crisis are now struggling as their net worth was not adequate to absorb the losses they have incurred. While the Department is working on a number of initiatives with individual credit unions to address these weaknesses, we encourage all credit unions to have a process for assessing their own net worth adequacy.

We believe that net worth planning is critical for credit unions of all sizes and complexity. Net worth planning should generally begin with a meaningful assessment of net worth adequacy relative to a credit union's own unique risk profile and business plan. We also suggest that net worth planning be at least an annual process, coinciding with the annual business plan/budget process. A credit union's specific circumstances may warrant a more frequent net worth planning assessment.

CHANGE 28 SENT TO CREDIT UNIONS

The most recent rules updates [Change 28](#) was sent to credit unions electronically on March 15, 2011. Please contact our office if you have any questions.

ANNUAL CREDIT UNION SURVEY

The Department recently sent an email to each credit union president containing a link to our online Survey. Each year the Department solicits comments from all state-chartered credit unions on such topics as the Department's examination process, examination report quality, and application procedures. If any credit union did not receive the email or is having problems with the link to the Survey, please contact Isabel Velasquez at (512) 837-9236.

ANNUAL AUDIT REQUIREMENT

Each credit union's board of directors is required to have an annual audit or supervisory committee review of the credit union performed each year. As detailed in Commission Rule 91.516, the audit requirement is satisfied if an acceptable audit or supervisory committee review is completed at least once each calendar year. The Department considers the date the work was performed, rather than the effective date of the audit, when determining whether an audit was completed in a specific calendar year. The audit or supervisory committee review is separate and in addition to the regulatory examination completed by the Department's examiners.

MARCH 31 CALL REPORT CYCLE

The due date for the March 31, 2011 call report is **Friday April 22, 2011**. As a reminder, credit unions must go into their online profile and make any changes necessary and certify these changes before completing each quarterly call report. Below are a few reminders credit unions should follow in updating and maintaining the credit union's online profile information:

- ✓ The NCUA's Rules and Regulations §741.6 requires the profile be updated within 10 days of the election of appointment of officials or within 30 days of any other change.
- ✓ Under the **Regulatory Information tab**, when updating the annual meeting, member account verification, and financial statement audit information, credit unions should add information and not edit the existing date on the system. **In March, NCUA added two new fields that capture the name of the credit union's Fidelity Bond Provider and the amount of the Fidelity Coverage for any single loss as required by NCUA Rules and Regulations §713.5. Please be sure to input your Fidelity Bond Information when you are reviewing your profile information.**
- ✓ Under the **Programs and Services tab**, these fields reflect the programs and services offered by the credit union and when applicable should be consistent with the financial information reported on the call report.
- ✓ Under the **CUSO Information tab**, the loans to, investments in, and aggregate cash outlay financial fields should be updated as they change. The total of these fields is reported as of the quarter-end date on page 17 of the call report.

If you encounter problems updating the profile, please call Isabel Velasquez at (512) 837-9236.

REMINDER: IRS FORM 990 FILING REQUIRED

The Department reminds all credit unions that they are responsible for filing an IRS Form 990 each year with the Internal Revenue Service. Failure to file a Form 990 may result not only in monetary penalties being assessed, but could also result in the credit union's tax exempt status being revoked by the Internal Revenue Service.

As part of each examination, examiners will confirm that an IRS Form 990 has been filed for the applicable year. Unless the credit union has filed for an extension, the deadline for filing the 2010 Form 990 is May 16, 2011.

CREDIT UNION FINANCIAL TRENDS AS OF 12/31/10

The 2010 credit union financial trends can be viewed on our website under the "Reports" tab or you can contact Isabel Velasquez for a printed copy.

CREDIT UNION RANKINGS AS OF 12/31/10

The 2010 credit union rankings by assets 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.

<u>Published In</u>	<u>Deadline for Receipt</u>
April, 2011	Friday, April 15
May, 2011	Friday, May 13

APPLICATIONS APPROVED

Applications approved since February 28, 2011 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
Field of Membership Changes Approved:	
NCI Community Development CU (Houston)	See Newsletter No. 06-10
NCI Community Development CU (Houston)	See Newsletter No. 08-10
Right Choice Credit Union (Houston)	See Newsletter No. 12-10

Merger or Consolidation Changes Approved:

Thermon Employees CU with St. Johns's FCU

See Newsletter No. 08-10

Articles of Incorporation Changes Approved:

Auto Parts Employees Credit Union (Fort Worth)

See Newsletter No. 01-11

APPLICATIONS RECEIVED

The following applications were received and published in the March 25, 2011 issue of the Texas Register:

Field of Membership Expansions:

Reeves County Teachers Credit Union (Pecos) -- To permit employees of HKA Corporation, Health Select Corporation and J & Z Corporation, who work in or are paid from Pecos, 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.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 Texas Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.

