



# *Credit Union Department*

## *Memorandum*

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**TO:** All Credit Unions

**FROM:** Harold E. Feeney, Commissioner

**DATE:** May 9, 2018

**SUBJECT:** 2018 Hurricane Season

Whether it comes in the form of a hurricane, fire, or any other natural or man-made disaster, credit unions that properly plan for crises reduce the chance of costly disruptions in operations. They are also able to resume normal business operations more rapidly than credit unions that get blindsided.

So, the questions is: How can credit unions make sure they survive these catastrophes? History has shown that proper planning is the solution. And with hurricane season fast approaching, now is the time to lay the groundwork.

Hurricane hazards come in many forms, including storm surge, heavy rainfall, inland flooding, high winds, tornadoes, and power outages. Knowing our vulnerabilities and what actions we should, and need to, take is one of the best defenses against the destructive power of a hurricane. Although credit unions headquartered near the Texas coast are the most vulnerable, storms can disrupt and endanger lives throughout the state and, therefore, all credit unions should ensure they are prepared for this year's hurricane threat.

Credit unions are reminded that, in an emergency situation, the president or other designated officer may close the institution entirely or one or more of its office for up to three business days, pursuant to 7 TEX. ADMIN. CODE §91.5001. If necessary, after the Governor declares a disaster, the Commissioner will issue an order authorizing credit unions in the affected areas to close and remain closed until the credit union's officers determine an emergency no longer exists. The Order will be posted on our website ([www.cud.texas.gov](http://www.cud.texas.gov)). In either case, the credit union needs to contact the Department by fax [(512) 832-0278], email [CUDmail@cud.texas.gov], telephone or text message [(512) 837-9236] as promptly as conditions permit, providing the date and time of closing and the address of the affected office(s).

It is recognized that credit unions are an essential part of the orderly preparation for and recovery from a hurricane. Specifically, credit unions supply cash that is vital both before and after an emergency. To ensure that your credit union is ready to meet member needs, we strongly recommend that orders for extra cash (within the limitations of your bond) are submitted to your credit union's supplier well in advance of an approaching storm. We also recommend that provisions be made to ensure ATMs are properly stocked.

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It is extremely important that credit unions develop appropriate contingency plans to preserve and protect their records. This is particularly important for electronic information systems. It is far more economical to duplicate many of these medium at the time of creation than to attempt to recover the sole copy of such items damaged in a disaster. Back-up medium should not be left at the site of a potential impact area. Secure off-site storage should be established prior to the hurricane making landfall or, if no other option exists, an officer of the credit union may want to consider taking an encrypted copy of the back-up medium with him/her upon evacuation. Credit unions are also encouraged to have a plan in place for alternate site operations, including a hot-site, for short-term business operations following a disaster. A telephone tree listing employees with primary and alternative contact numbers has also proven essential in previous emergencies.

Generally, if a credit union has not communicated with the Department within 24 hours after the hurricane subsides, the Department will begin making contact using the emergency contact information previously provided by the credit union. Credit unions should ensure that they have reviewed and updated, if necessary, the emergency contact information in the credit union's NCUA On-Line Profile. It is important to keep in mind that a hurricane in your area may not only impact your credit union's facilities or operations, but will likely impact your employees, their property and their families. The credit union should be prepared to take whatever steps are needed to support employees in their ability to secure their own safety as well as that of their family, as this will impact their ability and/or willingness to return to work to serve members.

After the emergency has passed, the Department maintains a list of open and closed credit union offices to assist the public in obtaining credit union services. We also coordinate with the NCUA, other agencies and trade associations to provide the Governor's Office, the Credit Union Commission, and the Texas Emergency Operations Center with reports on credit union closures or other issues that are brought to our attention.

We encourage credit unions to work with their members during these types of difficult times. Credit unions may want to consider increasing credit limits, eliminating fees for services or granting loan payment extensions if these accommodations can be accomplished within safe and sound parameters. We also encourage credit unions to assist other credit union members by waving check cashing, ATM and other similar fees.

A hurricane does not have to be a disaster if we are prepared. Thank you for your efforts and continued attention to this issue!

**Resources:**

[http://www.txdps.state.tx.us/dem/ThreatAwareness/weather\\_aware\\_hurricane.htm](http://www.txdps.state.tx.us/dem/ThreatAwareness/weather_aware_hurricane.htm)

<http://www.nhc.noaa.gov/>

<http://www.ready.gov/hurricanes>