



Credit Union Department

* * NEWSLETTER * *

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Results of Credit Union Commission Meeting

The Credit Union Commission held a special public meeting on Monday, May 19, 2003. At the meeting the Commission:

- ❖ Adopted amendments to 7 TAC §91.210 as previously published in the *Texas Register* (Foreign Credit Unions);
- ❖ Adopted amendments to 7 TAC §91.403 as previously published in the *Texas Register* (Debt Cancellation Products); and
- ❖ Established July 18, 2003 as its next meeting date.

Notice of Legislative Advisory Committee Meeting

The Legislative Advisory Committee will meet in Austin on Friday, June 20, 2003, at 9:00 a.m., in the conference room of the Department. ([Click here for the draft copy of the agenda](#)).

Soldiers' and Sailors' Civil Relief Act

With the military operation in Iraq winding down, it seems appropriate to remind credit unions of some of the provisions of the Soldiers' and Sailors' Civil Relief Act of 1940 (Act). The entire Act can be found in the United States Code, Title 50, Appendix Section 501-91.

The Act provides financial relief and legal protections for persons on active duty. Some of the key provisions are:

- Creditors, including credit unions, may not charge a rate of interest greater than 6 percent on debt obligations, including mortgages, if the member incurred the obligation before entering active duty. The interest rate calculation includes all charges and fees, except bona fide insurance premiums related to the obligation. (See Section 526 of Title 50, Appendix.)
- Creditors generally may not foreclose on property securing a mortgage during the period of active duty or for three months thereafter, if the mortgage predated the member's active duty. (See Section 532 of Title 50, Appendix.)
- Creditors must abide by special procedures in obtaining default judgments or proceeding with other court actions. (See Sections 520-523 of Title 50, Appendix.)

While these are some key provisions of the Act, you should be aware that there are other provisions that may affect your credit union, including provisions on leases, installment sales, and insurance.

For complex or significant Act issues, you should consult with your credit union's legal counsel.

Required Action By The Board Of Directors

Based upon the various requirements contained in the Act, Commission Rules and a credit union's bylaws, the board of directors must conduct an annual review of the operations of the credit union and record the results of that review in the minutes of the meeting. The minutes should contain, at a minimum, a reference to the review of the following items of business:

1. Loan, investment, liquidity, and asset-liability management policies;
2. Adequacy of bond and insurance coverage;
3. Comprehensive audit of the books and records of the credit union;
4. Operating budget forecast;
5. Plastic card program and potential related losses;
6. Expenses that have been incurred by, paid or reimbursed to director and committee members;
7. Adequacy of web site security measures (at least, once every two years);
8. Outstanding indebtedness of all directors, credit committee members, senior executive staff and immediate family members of such individuals (semiannually); and
9. Other policies or items deemed necessary by the board of directors.

In addition, the board should be aware that the Department must receive notice of the Board's intention to:

1. Establish and maintain additional offices or service facilities;
2. Invest in or make a loan to a credit union service organization (CUSO);
3. Establish a transactional web site;
4. Close an office (either in an emergency or permanently);
5. Offer any type of debt cancellation product;
6. Pay director and/or committee members fees for attending meetings;
7. Remove a director for cause;
8. Merge/consolidate with one or more credit unions; and
9. Convert to a federal credit union or another type of financial institution.

Audit Requirement

Commission Rule 91.516 requires the board of directors of each credit union to obtain or cause to be performed an annual audit of the credit union. The annual audit requirement is satisfied if an acceptable audit is completed once each calendar year. The Department considers the date the work was performed, rather than the effective date of the audit, in determining whether an audit was completed in a specific calendar year. For an audit with an effective date more than 12 months from the previous effective date, the officials must ensure that the consecutive calendar year requirement is met.

How Are We Doing?

On April 2, 2003, the Department mailed a questionnaire to all state-chartered credit unions soliciting comments on such topics as the Department's examination process, examination report quality, and application procedures. The Commissioner and his staff would like to thank those who responded. Your feedback will provide valuable assistance in determining how the Department can better serve you more efficiently in the future.

Applications Approved

Applications approved since April 30, 2003 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
Field of Membership Change(s) Approved:	
First Educators Credit Union (Houston)	See Newsletter No. 04-03
Articles of Incorporation Change(s) Approved	
Ameripol Synpol Employees Credit Union (Port Neches)	See Newsletter No. 04-03

Applications Received

The following applications were received and published in the May 30, 2003 issue of the *Texas Register*.

Field of Membership Expansions(s)

Texas Dow Employees Credit Union (Lake Jackson) – To permit employees of San Luis Pass Fishing Pier at Freeport, Texas, to be eligible for membership in the credit union.

The Education Credit Union (Amarillo) - To permit members of the Panhandle PC User's Group, Amarillo, Texas, to be eligible for membership in the credit union.

United Heritage Credit Union (Austin) - To permit persons that live, work, or attend school and business located in Smith, Rains, Wood, Upshur, Gregg, Cherokee, Henderson and Van Zandt Counties of Texas, to be eligible for membership in the credit union.

United Heritage Credit Union (Austin) – To permit persons that live, work, or attend school and business located in Williamson, Lee, Bell and Milam Counties of Texas, to be eligible for membership in the credit union.

United Heritage Credit Union (Austin) - To permit persons that live, work, or attend school and business located in Travis, Bastrop, Caldwell, Hays, Blanco and Burnett Counties of Texas, to be eligible for membership in the credit union.

MemberSource Credit Union (Houston) - To permit employees of Truine Engineering, Inc., who work in or are paid or supervised from Houston, Texas, to be eligible for membership in the credit union.

Houston Energy Credit Union (Houston) - To permit employees and members of The Arc of Greater Houston, to be eligible for membership in the credit union.

Access Credit Union (Amarillo) - To permit persons who live, work, or attend school in Potter and Randall Counties of the State of Texas, to be eligible for membership in the credit union.

TruWest Credit Union (Scottsdale, Arizona) - To permit members of the Shady Hollow Home Owner's Association, Austin, Texas, to be eligible for membership in the credit union.

Applications Received (Continued):

Texans Credit Union (Richardson) – To remove the exclusionary language relating to employees of any company which has its main office or any facility within the area from the corner of Central Expressway and Floyd Road, south to Walnut Hill Lane, east to Greenville Avenue and then south to Northwest Highway, west to University Park city limits and following the same south to Mockingbird Lane, east to Abrams Road, south to LaVista Drive and following same to Grand Avenue, east to Highland Drive, south to U.S. 67 and thence east along highway to intersection with city limit of Dallas and Mesquite, then following the city limits to Garland city limits, following Garland city limits easterly, northerly, and then westerly to the intersection at Buckingham Road, west to Audelia Road, south to Walnut, west to Floyd Road and south on Floyd Road to point of beginning which protects the field of membership of certain occupational-based credit unions.

Texans Credit Union (Richardson) - To remove the exclusionary language relating to contractors who work under contract for any business or organization including subsidiaries and affiliates that are within the field of membership of Texans Credit Union which protects the field of membership of certain occupational-based credit unions.

Texans Credit Union (Richardson) – To remove the exclusionary language relating to employees and members of Dallas Human Resource Management Association, Inc., which protects the field of membership of certain occupational-based credit unions.

Texans Credit Union (Richardson) - To remove the exclusionary language relating to employees and members of Texas Society of Certified Public Accountants and TSCPA Chapters and employees of TSCPA members which protects the field of membership of certain occupational-based credit unions.

Texans Credit Union (Richardson) – To remove the exclusionary language relating to employees and members of Texas Society of Professional Engineers and employees of TSPE members which protects the field of membership of certain occupational-based credit unions.

Texans Credit Union (Richardson) - To remove the exclusionary language relating to persons who reside or work in Richardson, Plano, and Collin County, Texas which protects the field of membership of certain occupational or associational-based credit unions.

Texans Credit Union (Richardson) - To remove the exclusionary language relating to persons who work or reside in Sachse and Wylie, Texas which protects the field of membership of certain occupational or associational-based credit unions.

Texans Credit Union (Richardson) – To remove the exclusionary language relating to persons who work or reside in Highland Village, Flower Mound, Coppell, Carrollton, Hebron, Lewisville, The Colony, and Frisco, Texas which protects the field of membership of certain occupational or associational-based credit unions.

Texans Credit Union (Richardson) - To remove the exclusionary language relating to individuals who work in Research Park, 12501 Research Boulevard, Austin, Texas, a resubdivision of Research Technology Subdivision, being 253.72 acres in Travis and Williamson County, Texas, as defined in survey case #C8-98-0048.0A, (formerly owned by Texas Instruments Inc., and managed by Trammell Crow Central Texas, Ltd.) which protects the field of membership of certain community, occupation or association-based credit unions.

Texans Credit Union (Richardson) - To remove the exclusionary language relating to the employees of any Rockwell International Corporation division that might be acquired in the future by Ericsson North America Inc., which protects the field of membership of certain credit unions.

Applications Received (Continued):

Texans Credit Union (Richardson) - To remove the exclusionary language relating to employees of Rockwell International and Alcatel, and other persons who reside or work within the Telecom Corridor as designated by the Richardson Chamber of Commerce, Richardson, Texas, which protects the field of membership of certain community, occupational or associational-based credit unions.

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.

Articles of Incorporation Change(s):

Doches Community Credit Union (Nacogdoches) – The credit union is proposing to change its name to Doches Credit Union.

Navarro Federal Employees Credit Union (Corsicana) – The credit union is proposing to change its name to Navarro 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 Texas Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.

PUBLISHING NOTICE OF APPLICATIONS IN
THE TEXAS REGISTER
(www.sos.state.tx.us)

In order to meet the submission deadlines for the applicable issues of the *Texas Register*, it is necessary for the Department to establish the following schedule. Because of the *Texas Register* printing schedules, completed applications received after the deadline for the month cannot be published until the following month.

<u>For an Application To be Published</u>	<u>Deadline for Receipt of An Application</u>	<u>Comment Period Will Conclude on</u>
June 2003	Friday, June 13	July 30
July 2003	Friday, July 11	August 30
August 2003	Friday, August 15	September 30
September 2003	Friday, September 12	October 30



