
Credit Union Department



NEWSLETTER

No. 08-09

www.t cud.state.tx.us

August 31, 2009

Online Profile and 5300 Call Report Webcast

The National Credit Union Administration (NCUA) will deploy the online Credit Union Profile and 5300 Call Report system on September 1, 2009. NCUA is scheduled to host a series of webcasts starting on **September 2nd, September 23rd, and October 7th** to assist credit unions with the "Credit Union Profile" and the "Online Call Report" completion. We encourage all credit unions to register for these upcoming webcasts. To register for the **September 2, 2009**, webcast, click on the link below:

<http://event.on24.com/r.htm?e=153695&s=1&k=C7B25450B6F4A0E1B3B0B6FA339F3DA2>

Operating Fee

On August 28, 2009, the invoices for the first installment of the Operating Fee for fiscal year 2010 were mailed to all credit unions. All fees must be received on or before **September 30, 2009** to avoid the payment of any penalties. If you did not receive an invoice, please contact Isabel Velasquez at (512) 837-9236.

Discovery Requests and Rule 91.8000

More and more credit unions find themselves embroiled in litigation. As a result, many credit unions have been served with discovery requests for information that is considered confidential under Finance Code §126.002. These requests must be handled very carefully to avoid unnecessarily disclosing sensitive documents. Rule 91.8000 gives guidance on handling subpoenas or discovery requests that include confidential information.

The rule provides that the credit union promptly notify the Department and provide a copy of the request. The credit union must move for and obtain a protective order. The rule outlines the factors that a court should consider when determining whether to release the confidential information and sets out the required terms of the protective order. Credit unions should become familiar with this rule to be sure they act in compliance with the rule should it become necessary to respond to a subpoena or discovery request.

Loan Diversification Policy

Commission Rule 91.701 requires that each credit union's loan policy address loan portfolio diversification standards to avoid undue concentrations of risk. The extent of the diversification will depend on the size, complexity and financial condition of the credit union. At a minimum, the policy should include permissible concentration limits for potentially higher risk obligations such as unsecured loans, real estate loans and business loans. A concentration limit is also warranted for borrowers with a below-average credit score. To ensure compliance with the rule, the diversification standards for each loan category should be defined in policy as a percentage of the total loan portfolio or a percentage of the credit union's net worth.

Soliciting Thoughts and Suggestions

The new comment tool on the Department's website is designed to generate more discussion about whether any of the rules currently under review should be modified. Based on preliminary feedback, the Department has posted rough drafts of potential amendments to Rules **91.121**, **91.401**, **91.402**, and **91.403**. Please check out the [Rule Review](#) section of our website and provide feedback on the draft amendments. Feel free to offer other suggestions for making the rules easier to understand.

Director/Committee Member Fees

Given some of the adverse consequences of these turbulent economic times, credit unions are reminded that the authority to pay fees, in accordance with Rule 91.502, to directors and/or committee members for attending duly called meetings is contingent upon the credit union operating in a sound manner and maintaining adequate net worth. Any credit union that has been issued a cease and desist order or is operating under a net worth restoration plan may not pay any director/committee member fees.

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>
September, 2009	Friday, September 11
October, 2009	Friday, October 16

Applications Approved

Field of Membership Change(s) approved since July 31, 2009 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
Space City Credit Union (Houston)	See Newsletter No. 05-09

Applications Received

The following applications were received and published in the August 28, 2009 issue of the *Texas Register*.

Field of Membership Expansions:

LibertyOne Credit Union (Dallas) -- To permit persons who work at 2221 E. Lamar Blvd. and 2301 E. Lamar Blvd. in Arlington, Texas 76006, to be eligible for membership in the credit union.

Memorial Hermann Credit Union (Houston) -- To permit persons who live, work, attend school, or worship, and businesses within 10 miles of the branch office located at 6400 Fannin, Houston, TX 77030, 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.tcup.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:

Associated Credit Union of Texas (Texas City) -- Relating to primary place of business.

Merger(s) or Consolidation(s) Change:

An application was received from **Texas Telcom Credit Union** (Dallas) seeking approval to merge with **Dallas City Packing Federal Credit Union** (Dallas), with Texas Telcom Credit Union being the surviving 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.

Holiday Schedule for TCUD

The Department's office will be closed on **September 7, 2009**, in observance of Labor Day.

