

**REVISED – January 6, 2010**

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## *Credit Union Department*



## *NEWSLETTER*

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No. 12-09

[www.t cud.state.tx.us](http://www.t cud.state.tx.us)

December 31, 2009

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### **New Annual Report Requirements**

Credit unions are reminded that Rule 91.310, which was adopted by the Commission at its October meeting, imposes requirements for providing members with an annual report. The rule was promulgated as a result of legislation passed last session as part of the agency's Sunset review.

The report must be updated before the credit union's annual meeting and must include the board of directors' names and dates of expiration of their terms of office, the names of any honorary or advisory directors appointed by the board, any changes since the last report in the credit union's senior management staff, the credit union's bylaws or articles of incorporation, financial condition and operating results, and the credit union's membership size and services offered. The report must also contain the credit union's year end balance sheet and its income and expense statement. The rule defines senior management staff to include the chief executive officer, any assistant chief executive officers, including vice-presidents and above, and the chief financial officer.

Credit unions must make the report available on their website throughout the year. A credit union that does not maintain a website must distribute the report at its annual meeting and must notify members at least annually that copies of the report are available on request.

### **NCUA Online Re-Certification**

Each credit union must review and re-certify their online profile information each quarter before submitting the 5300 Call Report. Any change in senior management or volunteer officials must be updated within 10 days of the election or appointment. Changes to all other supporting information in the profile must be made within 30 days of the change. If you encounter problems updating the profile, please call Isabel Velasquez as soon as possible at (512) 837-9236.

## Managing Interest Rate Risk

In the midst of one of this country's worst financial crisis, credit unions are facing a very challenging lending and earnings cycle. Understandably, many credit unions are concentrating efforts on areas such as expense control and deteriorating asset quality. However, it appears that some credit unions are taking on higher levels of interest rate risk at a time when short-term rates are near historic lows, which could leave them exposed to changes in interest rates.

Interest rate risk deals with the potential for changes in interest rates to reduce a credit union's earnings or economic value. Too much interest rate risk can leave a credit union's net worth and earnings vulnerable, particularly for those in a weakened financial condition.

Credit unions must be vigilant in their oversight and control of interest rate risk exposures. Given the current low interest rate environment, it is important that credit unions plan for likely increases in interest rates and take appropriate steps to mitigate and control the associated risks. Concentrations of longer-maturity **assets funded with shorter-term maturity** liabilities can stress a credit union's earnings, liquidity, and net worth in a rising rate environment. Credit unions should be prepared to manage the risk of declining yield spreads between longer-term investments, loans, and other assets and shorter-term deposits and other liabilities. If net worth and earnings do not provide sufficient protection against adverse changes in interest rates, a credit union should take immediate steps to reduce its interest rate risk exposure.

## Home Mortgage Reporting

The Federal Reserve Board has published its annual notice of the asset-size exemption threshold for depository institutions under Regulation C, which implements the Home Mortgage Disclosure Act (HMDA).

The asset-size exemption for depository institutions will remain \$39 million based on the annual percentage change in the *Consumer Price Index for Urban Wage Earners and Clerical Workers* for the twelve-month period ending in November 2009. As a result, credit unions with assets of \$39 million or less as of December 31, 2009, are exempt from collecting data in 2010.

## 5300 Call Reports

The yearend 5300 Call Report must be submitted online by no later than **January 22, 2010**. Due to the new online call report system, a copy of the call report instructions will no longer be mailed to each credit union. The 5300 Call Report Form and Instructions for the year-ending December 31, 2009 can be downloaded and printed from the NCUA's website at the following link: <http://www.ncua.gov/DataServices/Data/5300/5300FutureCycles.aspx>. We encourage credit unions to submit the call report as soon as possible to avoid delays in uploading the report due to heavy internet traffic. If you encounter problems, please call Isabel Velasquez as soon as possible prior to the due date.

## **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><b>Published In</b></u>	<u><b>Deadline for Receipt</b></u>
January, 2010	Friday, January 15
February, 2010	Friday, February 12

### **Applications Approved**

Applications approved since November 30, 2009 include:

<u><b>Credit Union</b></u>	<u><b>Changes or Groups Added</b></u>
Field of Membership Change Approved:	
<b>North East Texas Credit Union</b> (Lone Star)	See Newsletter No. 10-09

### **Applications Received**

The following applications were received and published in the December 25, 2009 issue of the Texas Register:

Field of Membership Expansion(s):

**Cabot & NOI Employees Credit Union** (Pampa) -- To permit employees of Titan Specialties, Ltd., 11785 Highway 152, Pampa, TX 79065, to be eligible for membership in the credit union.

**Texas Dow Employees Credit Union** (Lake Jackson) -- To permit persons who live, work, worship, or attend school in, and businesses and other legal entities located within a 10-mile radius of the branch office located at 10201 Broadway Street, Pearland, Texas, to be eligible for membership in the credit union.

**Baptist Credit Union** (San Antonio) -- To permit members of churches and churches affiliated with the Southern Baptists of Texas Convention who reside within 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 Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.

Articles of Incorporation Change(s):

**Graphic Arts Credit Union** (Houston) -- The credit union is proposing to change its name to SPCO Credit Union.

Merger(s) or Consolidation(s):

An application was received from **Graphic Arts Credit Union** (Houston) seeking approval to merge with **SPCO Federal Credit Union** (Houston). Graphic Arts Credit Union will be 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 Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.

<b><u>2010 Meeting Schedule</u></b> <b><u>Austin, Texas</u></b>	
<b><u>Commission Meetings</u></b>	
➤ Friday, February 19, 2010	Credit Union Department Office
➤ Friday, June 18, 2010	Credit Union Department Office
➤ Friday, October 15, 2010	Credit Union Department Office
<i>Meetings begin at 10:00 a.m. unless notified differently</i>	
<b><u>Rules Committee Meetings</u></b>	
➤ Thursday, February 18, 2010	Credit Union Department Office
➤ Thursday, June 17, 2010	Credit Union Department Office
➤ Thursday, October 14, 2010	Credit Union Department Office
<i>Meetings begin at 1:00 p.m. unless notified differently</i>	

### **HOLIDAY SCHEDULE FOR TCUD**

The Department's office will be closed on **January 1, 2010** in observance of the New Year and **January 18<sup>th</sup>**, in observance of Martin Luther King, Jr., Day.

A HAPPY  
NEW YEAR

*The Credit Union Commission and the Staff of the Department would like to extend our best wishes for a New Year of health, happiness, and prosperity*