
Credit Union Department



NEWSLETTER

No. 06-09

www.t cud.state.tx.us

June 30, 2009

Commission Action on Rules

At its meeting earlier this month, the Commission took action on twelve rules. The Commission adopted one new rule, **7 TAC §91.208**, which carves out from existing **7 TAC §91.209** the requirements for reporting known or suspected criminal activity to the Department. The new rule makes the requirement more visible to credit unions, spells out in greater detail the method for reporting and the types of violations that must be reported to the Department, and clarifies when a credit union may submit a Suspicious Activity Report to fulfill the reporting requirement.

Most of the eleven amendments adopted were non-substantive changes resulting from the Department's required rule review, or, as in the case of **7 TAC §91.209**, to conform to amendments of other rules. Substantively, **7 TAC §97.101** was amended to add a requirement that the minutes of Commission meetings and committees be posted on the Department's website. An amendment to **7 TAC §97.107** expanded the definition of a related entity to include a subsidiary or affiliate of a CUSO which is wholly owned or controlled by a credit union. Amendments to **7 TAC §91.802** corrected a conflict with **§91.803**, which prohibits a credit union from investing in commercial mortgage related securities. Finally, amendments to **7 TAC §91.8000** articulate important policy considerations and provide additional guidance for courts issuing protective orders.

All of these changes will be final on July 12 and copies will be mailed to the credit unions in August. The rules are on the Department's website at: www.t cud.state.tx.us under "Resources" and click on "Laws/Rules".

Sunset Bill Imposes New Requirements for Credit Unions

HB2735, the bill which continues the Texas Credit Union Department and Commission for another twelve years, also imposes some new requirements on credit unions. Finance Code §15.409 was amended to expand the information a credit union must give to consumers and service recipients on how they may contact the Department to file a complaint. In February of this year, the Commission adopted **7 TAC §91.121** to give credit unions guidance on notifying members of this information.

New §15.4105 of the Finance Code requires credit unions to provide an annual report to their members through their websites or at their annual meetings if the credit union does not have a website. The report must contain a current balance sheet, an income and expense statement, the

name and date of expiration of the term of each board member, a description of changes to management, bylaws, articles of incorporation, financial condition, membership size, and services offered since the last report.

Finally, new §122.107 of the Finance Code requires that credit unions notify their members that the following documents are available: a summary of the most recent annual audit, the most recent statement of financial condition, the IRS Form 990, as well as any other documents the members are entitled to possess (for example, the bylaws state that members are entitled to inspect the bylaws and articles of incorporation). Credit unions must place the notice on their websites if they maintain a website, and in a newsletter twice a year if the credit union distributes a newsletter.

At its meeting earlier this month, the Commission approved for publication and comment two new rules, 7 TAC §§91.310 and 91.315, to provide guidance for credit unions on these requirements. The rules are published on the Commission's website at: www.t cud.state.tx.us under "Resources" and click on "Laws/Rules".

Update Business Continuity and Disaster Recovery Plans

The recent events pertaining to the H1N1 virus highlight the importance of credit unions updating their disaster preparedness plans to include provisions for a Pandemic event. Although the recent flu epidemic was mild in Texas, the World Health Organization and the Center for Disease Control are cautious about predictions the H1N1 virus will have on the normal flu season later this year.

Pandemic planning presents unique challenges and the Department urges all credit unions to perform a review of their disaster preparedness and response plans. These plans should be commensurate with the complexity of the credit union's operations and focus on minimizing interruptions of service to members in times of an emergency.

Call Report Submittal Deadline

The Department has experienced an increase in the number of quarterly call reports received after the established submittal deadline. The delay has resulted in additional staff time and resources being devoted to collecting the information. In order to allow us to obtain and evaluate the data in a timely manner, we will no longer approve an extension of the call reporting deadline for individual credit unions. A credit union may still obtain a waiver of the late filing fee if the delay is the result of an emergency or other extreme extenuating circumstance. However, a decision on a waiver request will not be made until the call report is received.

Proposed Rulemaking to Implement the Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act)

The National Credit Union Administration (NCUA) is requesting public comment on its proposed rulemaking entitled *Registration of Mortgage Loan Originators*. The proposed new regulation would require employees of a federally-insured credit union who engage in the business of a mortgage loan originator to register with the Nationwide Mortgage Licensing System and Registry and to obtain a unique identifier. NCUA's proposal specifies the categories of information that credit union employees will need to submit to the Registry and requires credit unions to adopt policies and procedures to ensure compliance with the SAFE Act and the final regulation. The required policies and procedures will need to be appropriate to the nature, size and scope of a credit union's residential mortgage lending activities. Comments on the proposal are due to the NCUA within 30 days from the date it is published in the Federal Register.

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>
July, 2009	Friday, July 17
August, 2009	Friday, August 14

Applications Approved

Applications approved since May 31, 2009 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
Field of Membership Change(s) Approved: Bluebonnet Credit Union (Houston) Texas Dow Employees Credit Union (Lake Jackson)	See Newsletter No. 03-09 See Newsletter No. 03-09

Applications Received

There were no new applications received.

