
Credit Union Department



NEWSLETTER

No. 03-09

www.t cud.state.tx.us

March 31, 2009

Appointments to the Commission

Governor Perry has announced the appointment of two individuals to the Credit Union Commission.

David J. Cibrian of San Antonio, is a partner at Strasburger and Price, LLP, and a graduate of Georgetown University in Washington, D.C. He is a member of the Board of Trustees for the University of Incarnate Word, and serves on the Board of Directors of the San Antonio Free Trade Alliance and on the San Antonio Economic Development Foundation. Mr. Cibrian, whose term will expire February 15, 2015, replaces Mary Ann Grant of Houston whose term expired.

John Yoggerst of San Antonio, is a general partner at the Texas Construction Alliance, and owner and president of AJY and Associates, and owner and general partner of Leeper-Yoggerst Interests Inc. He is a member of the Texas Onsite Wastewater Research Council. Mr. Yoggerst received a bachelor's and master's of business administration from Washington University. Mr. Yoggerst, whose term will expire February 15, 2015, replaces William W. "Rusty" Ballard of Waxahachie whose term expired.

Reappointment to the Commission

Governor Perry announced the reappointment of Gary L. Janacek, president of Scott and White Employees Credit Union, and currently chairman of the Credit Union Department. Mr. Janacek's term will expire on February 15, 2015.

Mortgage Fraud SARs Connect to Other Crimes

The Financial Crimes Enforcement Network (FinCEN) has released a report that shows individuals reported for suspected mortgage loan fraud may also be involved in other financial crimes such as check fraud, money laundering, stock manipulation, structuring to avoid currency transaction reporting requirements and others. From depository institution Suspicious Activity Reports (SARs), FinCEN identified approximately 156,000 mortgage fraud subjects, and found that 2,360 were reported for suspicious activity in 3,680 of the other SAR types. The study,

entitled [Mortgage Loan Fraud Connections with Other Financial Crime](#), is FinCEN's fourth mortgage loan fraud study released since November 2006.

FinCEN also announced a new section of its Web site (www.fincen.gov.) that will focus on FinCEN's analysis of mortgage loan fraud.

FTC Redrafting Non-Federally Insured Disclosures

The Federal Trade Commission (FTC) is taking comments until June 5 on proposed rule revisions implementing 2006 requirements for disclosures by non-federally insured credit unions.

The key provisions out for comment:

- The rule would require a clear, conspicuous notice of the institution's non-federally insured status in all periodic statements of account. The disclosure also includes each signature card, passbook, certificate of deposit or share certificate. This notice would state that if the institution fails, the federal government will not guarantee that depositors get their money back.
- Disclosures must be made clearly and conspicuously at each station or window where deposits are normally received, the institution's principal place of business and branches where it accepts deposits or opens accounts, and on its main Internet page.
- Notices are not required on any sign, document or other item that identifies the institution but does not include information about its products or services or information otherwise promoting the institution.

The proposal permits credit unions to seek acknowledgements from new members by mail in the case of a merger or conversion, or from longtime members who had not received such disclosures prior to the law's enactment.

Understatement of Loan Loss Exposure

As loan delinquency and losses have increased during the current economic downturn, our examinations have disclosed an increased number of credit unions that have not funded the Allowance for Loan and Lease Losses (ALLL) in accordance with their internal analysis of the loss exposure. The understatement of the ALLL and related loan loss expense is frequently the result of budgetary or other earnings considerations. Commission Rule 91.718 provides that any necessary adjustment to the Allowance for Loan and Lease Losses (ALLL) must be made prior to the end of each calendar quarter in accordance with a clearly established internal methodology. Credit unions should be aware that any intentional failure to fund the ALLL in a timely manner may be considered an effort to falsify the credit union's accounting records. As provided by Section 122.254 of the Finance Code, a person who knowingly and with the intent to deceive makes a false accounting entry has committed a criminal offense.

5300 Call Reports

The 5300 Call Reports for the quarter ending March 31, 2009, were mailed to each credit union on March 31st and are due on or before **April 20, 2009**. Please note that all errors must be

resolved before a transmission file can be created. If you run into problems, please call Isabel Velasquez as soon as possible prior to the due date.

New Complaint Notification Requirements

Credit unions must comply with the new complaint notification requirements adopted by the Commission in 7 TAC §91.121. The new rule, which replaces 7 TAC §97.106, requires credit unions to give members more information on how they can file a complaint against a credit union. The rule sets out the text of the notice that all credit unions must display in their offices and provides that credit unions must give the notice to their members with each privacy notice. The rule also requires a credit union that maintains a website to include the notice or a link to the notice in a conspicuous place on the website. Copies of the new and amended rules adopted by the Commission at its February meeting were mailed to all credit unions on March 27, 2009.

Credit Union Rankings and Financial Trends as of 12/31/08

The 2008 credit union rankings by assets and financial trends can be viewed on our website under the “Reports” tab or you can contact Isabel Velasquez for a printed copy.

Change 22, Rules for Texas Credit Unions

On March 27, 2009, Change 22 to update the Rules for Credit Unions was mailed to all credit unions. The effective date of this revision is March 4, 2009. Additional copies of the rules or any updates may be purchased from the Texas Credit Union League, 4455 LBJ Freeway, Farmers Branch, Texas 75244.

Emergency Contact Information

On March 30, 2009, a 2009 Emergency Contact Information was mailed to all credit unions. You are reminded to complete the questions and return the contact form to the Department as soon as possible. For your convenience, the form can be downloaded from our website at www.tcup.state.tx.us under “What’s New”.

How Are We Doing?

On March 16, 2009, 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. Although this is a voluntary questionnaire, your feedback will provide valuable assistance in determining how the Department can serve you in the future.

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.

Published In

**April, 2009
May, 2009**

Deadline for Receipt

**Friday, April 10
Friday, May 15**

Applications Approved

Applications approved since February 28, 2009 include:

| <u>Credit Union</u> | <u>Changes or Groups Added</u> |
|---|--------------------------------|
| Field of Membership Change(s) Approved: | |
| United Energy Credit Union (Houston) | See Newsletter No. 08-08 |
| TCC Credit Union (Dallas) | See Newsletter No. 09-08 |
| Energy Capital Credit Union (Houston) (Amended) | See Newsletter No. 11-08 |
| Persons who live, work, worship or attend school, and businesses and other legal entities located within a 10-mile radius of the following Energy Capital Credit Union office locations: 800 Bell Street, Houston, TX; 3120 Buffalo Speedway, Houston, TX; 4500 Dacoma, Houston, TX; 233 Benmar, Houston, TX; 13501 Katy Freeway, Houston, TX; 396 W. Greens Road, Houston, TX; and 18540 Northwest Freeway, Houston, TX. | |
| First Service Credit Union (Houston) | See Newsletter No. 01-09 |
| Pioneer Muslim Credit Union (Houston) | See Newsletter No. 01-09 |

Applications Received

The following applications were received and published in the March 27, 2009 issue of the *Texas Register*:

Field of Membership Expansion(s):

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 550 Battleground Rd., La Porte, Texas, to be eligible for membership in the credit union.

Bluebonnet Credit Union (Houston) -- To permit persons who live, work, worship or attend school in, businesses and other legal entities located within a 10 mile radius of the Credit Union's office located at 4508 Garth Road, Baytown, Texas 77521, to be eligible for membership in the credit union.

Community Resource Credit Union (Baytown) – To permit persons who work, reside, or attend school, and businesses located within a 10-mile radius of the Community Resource Credit Union office located at 6810 Garth Road, Baytown, TX, 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.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):

TEC/TWC Credit Union (San Antonio) -- The credit union is proposing to change its name to Texas Workforce 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.

