
Credit Union Department



NEWSLETTER

No. 10-09

www.tcu.d.state.tx.us

October 31, 2009

Commission Meeting Report

The Commission adopted several new and amended rules that had been proposed for publication and comment after the June meeting. Two new rules, **7 TAC Sections 91.310 and 91.315**, were proposed to comply with legislation passed as a result of the Sunset review of the agency. Both new rules provide credit unions with guidance on disclosures to members as required by the recent statutory changes. (See related article in this newsletter.) New definitions were added to **7 TAC Section 91.101**, some rules were renamed for clarity, and others were updated and amended to conform to other changes. **Rule 7 TAC Section 91.1110** was repealed and the same provisions were moved to **7 TAC Section 91.203**. Finally, **7 TAC Section 91.901** was amended to allow a credit union to reduce the amount transferred to reserves if the Commissioner approves.

All of the adopted rules are on the Department's website under Resources. Copies of the new and amended rules will be mailed to credit unions within sixty days.

New Disclosure Requirements for Credit Unions

As part of the Sunset review of the Texas Credit Union Department and Commission, the legislature passed two provisions requiring credit unions to provide certain information to their members. Finance Code Section 15.4105, Annual Report to Members, and Finance Code Section 122.107, Notice of Availability of Certain Documents, set out what must be made available to members. Both statutes direct the Commission to promulgate rules to implement the requirements. As a result, at its October meeting the Commission adopted **7 TAC Sections 91.310 and 91.315** to give credit unions additional guidance on the new provisions of the Finance Code. Both rules are on the Commission's website under Resources, and copies will be mailed to credit unions in the next sixty days.

The annual report to membership (**Section 91.310**) must contain the names of the members of the board of directors and the dates of expiration of their terms of office, and the names of any advisory or honorary directors. In addition, the report must describe changes to any of the following: senior management (as defined in the rule), bylaws and

articles of incorporation, financial condition and operating results, and membership size and services offered. The report must also include the credit union's year end balance sheet and income and expense statement, and must be posted on the credit union's website. Credit unions that do not maintain a website must distribute the report to their members at the annual meeting and must notify members that copies of the report are available on request.

Credit unions must also notify members that documents relating to the credit union's finances and management are available (**Section 91.315**). The documents are: the balance sheet and income statement (credit unions may provide the non-confidential pages of the call report), a summary of the most recent annual audit, written board policy regarding access to articles of incorporation, bylaws, rules, guidelines, board policies, and copies thereof, and the Internal Revenue Service Form 990. This notice must be posted on the credit union's website and must be published in the credit union's newsletter twice a year. Credit unions that do not maintain a website and distribute a newsletter at least semiannually, must provide the notice at least semiannually with each member's account statement.

Rule Review

The Texas Credit Union Commission will review and consider for re-adoption, revision, or repeal **Chapter 93, §§93.101** (Scope; Definitions; Severability), **93.201** (Party Status), **93.202** (Computation of Time), **93.203** (Ex Parte Communications), **93.204** (Presiding Officer or Body), **93.205** (Notice of Hearing), **93.206** (Default), **93.207** (Service), **93.208** (Delegation of Authority), **93.209** (Subpoenas), **93.210** (Protective Orders; Motions to Compel), **93.211** (Administrative Record), **93.212** (Proposal for Decision), **93.213** (Appearances and Representation), **93.214** (Recovery of Department Costs), **93.301** (Finality and Request for SOAH Hearing), **93.302** (Referral to ADR), **93.303** (Hearings of Applications to Incorporate, Amend Bylaws, or Merge or Consolidate); **93.304** (Appeals of Applications for Certificates of Authority), **93.305** (Appeals of All Other Applications for which no Specific Procedure is provided by this Title), **93.401** (Appeals of Cease and Desist Orders and Orders of Removal), **93.402** (Stays), **93.501** (Request for Hearing to Appeal an Order of Conservation), **93.502** (Retention of Attorney), **93.601** (Motion for Appeal to the Commission), **93.602** (Decision by the Commission), **93.603** (Oral Arguments before the Commission), **93.604** (Motion for Reconsideration), **93.605** (Final Decisions and Appeals), and **Chapter 91, §91.209** (Reports and Charges for Late Filing) of Title 7, Part 6 of the Texas Administrative Code in preparation for the Commission's Rule Review as required by Section 2001.039, Government Code.

An assessment will be made by the Commission as to whether the reasons for adopting or readopting these rules continue to exist. Each rule will be reviewed to determine whether it is obsolete, whether the rule reflects current legal and policy considerations, and whether the rule reflects current procedures of the Credit Union Department.

Comments or questions regarding these rules may be submitted in writing to, Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699, or electronically to info@tcud.state.tx.us. The deadline for comments is **November 30, 2009**.

The Commission also invites your comments on how to make these rules easier to understand. For example:

- ❑ Do the rules organize the material to suit your needs? If not, how could the material be better organized?
- ❑ Do the rules clearly state the requirements? If not, how could the rule be more clearly stated?
- ❑ Do the rules contain technical language or jargon that isn't clear? If so, what language requires clarification?
- ❑ Would a different format (grouping and order of sections, use of headings, paragraphing) make the rule easier to understand? If so, what changes to the format would make the rule easier to understand?
- ❑ Would more (but shorter) sections be better in any of the rules? If so, what sections should be changed?

Any proposed changes to these rules as a result of the rule review will be published in the Proposed Rule Section of the *Texas Register*. The proposed rules will be open for public comment prior to final adoption by the Commission.

New IRS Video for Form 990 Filers

The Internal Revenue Service (IRS) has announced its launch of a new case study and video program to help exempt organizations and their tax preparers better understand the revised Form 990 series.

The new IRS video is intended to illustrate key points and answer important questions about the new Form 990, revised for the first time in 30 years. Use the link below to access the IRS video help. <http://www.irs.gov/charities/article/0,,id=210358,00.html>

Car Sales and Excise Tax Deduction

There is a new federal income tax deduction for new car buyers and the Internal Revenue Service has asked for help in spreading the word. Specifically, a provision of the The American Recovery and Reinvestment Act of 2009 entitles taxpayers to a federal income tax deduction for state and local sales tax, as well as excise tax, paid on the purchase of new cars, light trucks, motor homes, and motorcycles. The deduction is available on new vehicles purchase from February 17, 2009 through December 31, 2009. Further information on the deduction can be found at the IRS web site at the following link: <http://www.irs.gov/newsroom/article/0,,id=204519,00.html>.

Loan and Investment Policy Review

State regulations require that each credit union's board of directors review its loan and investment policies at least annually. Based on the current economic environment, credit unions are encouraged to ensure that this review includes a determination of the adequacy of the procedures in place to monitor and control the loss exposure. Specific areas that should be reviewed include concentration in mortgage-backed securities and/or direct mortgage lending; appropriate diversification of the loan/investment portfolios; and acceptable procedures for monitoring and controlling the loss exposure to the credit union.

Newsletter Notice

As required by statute, each state agency must obtain an annual confirmation from individuals receiving a paper copy of a monthly publication at no charge. Specifically, the law requires that a notice be placed in three consecutive issues of the publication, and that anyone desiring to continue to receive a paper copy of the publication must so indicate in writing. Please submit the enclosed form to our office if you desire to continue to receive a paper copy of the Department's newsletter each month. **(For those receiving an electronic link of the newsletter, no action is required)**. Faxes are welcomed ([Click here for the form](#)).

Department Contacts

The Department is available to answer questions regarding regulatory issues that are within our purview. It should be noted that we can not provide credit unions with legal advice, and any issue that requires a formal opinion by the Commissioner should be submitted in writing. For general questions regarding the topics included below, the appropriate staff member can be reached at 512-837-9236. The individuals can also be contacted by email using the format: firstname.lastname@tcud.state.tx.us

Examination-Related: Robert Baxter or James Deese
Call Report: Isabel Velasquez or Robert Baxter
Field of Membership: Betsy Loar or Linda Clevlen
Rule/Compliance: Robert Baxter, Betsy Loar, or James Deese

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>
November, 2009	Friday, November 13
December, 2009	Friday, December 11

Applications Approved

Applications approved since September 30, 2009 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
Field of Membership Change(s) Approved:	
EDS Credit Union (#2) (Plano)	See Newsletter No. 07-09
EDS Credit Union (#3) (Plano)	See Newsletter No. 07-09
EDS Credit Union (#5) (Plano)	See Newsletter No. 07-09

Articles of Incorporation Changes(s) Approved:

Associated Credit Union of Texas (Texas City)

See Newsletter No. 08-09

Applications Received

The following applications were received and published in the October 30, 2009 issue of the Texas Register.

Field of Membership Expansion(s):

North East Texas Credit Union (Lone Star) -- To permit members of Friends of Consumer Freedom, Inc. located at 3526 Lakeview Parkway, Rowlett, Texas 75088, to be eligible for membership in the credit union.

Cabot & NOI Employees Credit Union (Pampa) -- To permit employees of Ford Family Chiropractic, 701 N. Price Rd., Pampa, Texas 79065, 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):

EDS Credit Union (Plano) -- The credit union is proposing to change its name to InTouch 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.

Upcoming Holiday Schedule for TCUD

The Department's office will be closed on **November 11, 2009** in observance of Veterans Day.

The Department's office will be closed on **November 26-27, 2009** in observance of Thanksgiving.

