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# Credit Union Department



## NEWSLETTER

No. 09-10

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

September 30, 2010

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### Notice of Rules Committee Meeting

The Rules Committee will hold its meeting in Austin on Thursday, October 14, 2010, at 1:00 p.m., at the offices of the Credit Union Department. The agenda is available on the TCUD website for your convenience. ([click here for agenda](#)).

### Notice of Regular Commission Meeting

The Credit Union Commission will hold its regular meeting on Friday, October 15, 2010, at 8:00 a.m., in the conference room of the Department. The agenda is available on the TCUD website for your convenience. ([click here for agenda](#))

### Meeting Packets To Be On Department's Website

Beginning in October, the official meeting packets for the Rules Committee and Commission meetings will be made available on the Department's website ([www.t cud.state.tx.us](http://www.t cud.state.tx.us)). Approximately one week prior to each scheduled meeting, a link to the packets will appear under the *Department News* section of our home page. The packets will contain the background information as well as copies of the actual proposals the Committee and Commission will be considering at their respective meetings.

### Corporate Credit Union Stabilization Expenses

The NCUA recently issued Letter to Credit Unions 10-CU-17 regarding the assessment of an additional premium of 0.1242% of each credit union's insured shares. The letter includes detailed instructions regarding the basis for the action and the formula used to calculate the premium. As part of the corporate stabilization program, the NCUA also recently placed Southwest Corporate FCU into conservatorship. Based on these two actions, unless alternative guidance is received from the NCUA, the premium expense and the write-down of any remaining SWCFUCU membership share balance must be reported on each credit union's September 2010 financial statement and 5300 call report.

## Furnishing Information to Consumer Reporting Agencies

Section 623 of the Fair Credit Reporting Act (FCRA) was amended by the Fair and Accurate Credit Transaction Act of 2003 (FACT Act) to improve the way that institutions furnish information to consumer reporting agencies (CRAs). The National Credit Union Administration (NCUA) implemented the FACT Act changes through amendments to Part 717 that were effective July 1, 2010.

Although furnishing information to CRAs is voluntary, Part 717 requires credit unions that do so to have policies and procedures for furnishing information with accuracy and integrity. The Regulation provides that these policies and procedures should fit the credit union's activities, provide for reasonable investigation of disputes, use standard data reporting formats, maintain records for enough time to respond to direct disputes, review procedures following mergers to prevent re-aging of information, and periodically review and update their practices for investigating and correcting information. Part 717 also requires credit unions that furnish information to CRAs to review and update their procedures periodically.

## Multi-Featured Open-End Lending

This past February, the Federal Reserve Board published changes to Regulation Z that affect the management of open-end lending. Therefore, credit unions using a multi-featured open-end lending product need to review their policies and procedures to ensure they are in compliance with the changes that became effective July 1, 2010.

Specifically, the changes to Regulation Z clarify that *underwriting* must take place only at the opening of a multi-featured open-end lending plan. Credit unions using multi-featured open-end lending plans are permitted to verify a person's creditworthiness to ensure it has not deteriorated (and revise credit limits and terms accordingly), but they must not perform *underwriting* because a person has requested an advance.

As a result, credit union must ensure that their open-end lending policies and procedures distinguish between underwriting at the inception of the open-end lending relationship and verification that may take place during the duration of the relationship: including when the member applies for an additional draw on the pre-approved line of credit.

In addition, credit unions must ensure that the proper (open-end lending) disclosures are given in conjunction with multi-featured open-end lending plans. Credit unions should not be using closed-end lending disclosures for multi-featured open-end lending programs.

## September 30 Call Report

The due date for the September 30, 2010 call report is **October 22, 2010**. Each call report cycle, credit unions must go to their on-line profile and make any changes necessary and certify these changes before completing the call report. Even if no changes to the profile are necessary, the profile must be certified before completing the call report.

## 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>
October, 2010	Friday, October 15
November, 2010	Friday, November 12

### Applications Approved

Applications approved since August 31, 2010 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
Field of Membership Change -- Vacated	
<b>Hockley County School Employees Credit Union</b> (Levelland)	See Newsletter No. 01-10
Articles of Incorporation Change -- Approved:	
<b>NCI Community Development Credit Union</b> (Houston)	See Newsletter No. 07-10
Merger or Consolidation Change -- Approved	
<b>TexasOne Community CU and PrimeWay FCU</b> (Houston)	See Newsletter No. 02-10

### Applications Received

The following applications were received and published in the September 24, 2010 issue of the *Texas Register*.

#### **Field of Membership Expansion(s):**

**GECU** (El Paso) – To permit persons who work or reside in the Counties of Dona Ana and Otero, New Mexico, 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 Texas Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.

## **Merger(s) or Consolidation(s):**

An application was received from **East Texas Professional Credit Union** (Longview) seeking approval to merge with **Synergy Eastex Federal Credit Union** (Longview), with East Texas Professional 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.



This newsletter is produced monthly as a part of the Department's continued communication outreach with the credit unions it regulates. Delivery is generally provided by electronic notification of its availability on the Department's website at <http://www.t cud.state.tx.us>.

Suggestions and comments concerning the newsletter or its content should be sent to the Department at 914 East Anderson Lane, Austin, Texas 78752-1699 or via email to [info@t cud.state.tx.us](mailto:info@t cud.state.tx.us).