
Credit Union Department



NEWSLETTER

No. 01-11

www.tcuad.state.tx.us

January 31, 2011

Director Financial Literacy Training

NCUA recently adopted a new rule which addresses the duties of federal credit union boards to have at least a working familiarity with basic finance and accounting practices. Although NCUA's rule is not applicable to state-chartered credit unions, and the Department has no immediate plans to consider similar financial literacy requirements, credit unions may want to take this opportunity to assess their own directors' ability to read and understand a balance sheet and income statement. Each credit union should make its own determination as to whether additional training would be appropriate for its directors. Depending on the results of their assessments, credit unions should consider taking advantage of the training that is being offered to comply with NCUA's rule.

Texas Requirements for Websites

A credit union's Internet website is a key way to communicate with members; however, a recent survey of websites reflected a generally poor level of compliance with three statutory requirements. Specifically, if a credit union maintains a website, the following items must be posted throughout the year:

1. Complaint Notice – Section 15.409 of the Finance Code requires that members be notified of the name, mailing address, telephone number, and Internet website of the Department for the purpose of directing complaints to the Department. For specific guidance on the required notification, see Commission **Rule 91.121**.
2. Annual Report – Section 15.4105 of the Finance Code mandates that a credit union shall provide an annual report to its members regarding the credit union's financial condition and management. Commission **Rule 91.310** provides details on the specific information that must be included in the report.
3. Notice of Availability of Certain Documents – Section 122.107 of the Finance Code stipulates that members must be given notice of the availability, on request, of documents related to the credit union's finances and management. A list of the documents that must be made available to members can be found in Commission **Rule 91.315**.

All credit unions that have websites should review their compliance with the noted provisions.

NMLS Training Workshops

The Nationwide Mortgage Licensing System & Registry (NMLS) has announced a series of training programs for credit unions and other financial institutions who will need to register their Mortgage Loan Originators. The training has been broken down into a four-part series of webinars that covers the registration process. Live regional in-person sessions are also available. For more details, see [NMLS Workshops](#).

Long-Term Assets

During the past two years a number of credit unions have significantly increased their concentration of real estate loans and investments with a maturity greater than three years. Although the balance sheet change has improved the short-term return on assets, it also exposes credit unions to significant interest-rate risk. With market interest rates at or near historical lows, understanding the impact of an eventual increase in market interest rates must be a priority. For those credit unions with a Net Long-Term Assets Ratio near or exceeding 25%, policies and procedures should be in place to fully evaluate the impact of a 100-300 basis point increase in market interest rates. Each credit union's policies and procedures for this area will be reviewed closely during the examinations completed in 2011.

Evaluation and Selection of Private Mortgage Insurance Providers

The current economic crisis has resulted in higher levels of delinquencies and losses from residential mortgage loans. Private mortgage insurance (PMI) providers have also experienced unprecedented losses and deterioration of their capital and reserves. This underscores the need for appropriate due diligence when credit unions select PMI providers to insure residential mortgage loans. Credit unions should establish and maintain prudent policies and procedures for identifying, selecting, and monitoring PMI providers.

Lenders often use PMI to mitigate the elevated risk of loss associated with residential mortgages with loan-to-value ratios (LTVs) of 80 percent or more. Credit unions are required to use PMI on residential mortgage loans with LTVs that exceed the regulatory limits prescribed in Commission Rule 91.704(c).

Notice of Rules Committee Meeting

The Rules Committee will hold its meeting in Austin on Thursday, February 17, 2011, at 1:00 pm., at the offices of the Credit Union Department. The draft agenda is available on the TCUD website ([click here for agenda](#)) for your convenience.

Notice of Credit Union Commission Briefing Session

The Credit Union Commission will hold a briefing session on Thursday, February 17, 2011, at 2:00 pm., or upon adjournment of the Rules Committee meeting, whichever is later, in the conference room of the Department ([click here for draft agenda](#)).

Notice of Regular Commission Meeting

The Credit Union Commission will hold its regular meeting on Friday, February 18, 2011, at 8:00 am., in the conference room of the Department. The draft agenda is available on the TCUD website ([click here for agenda](#)) for your convenience.

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>
February, 2011	Friday, February 11
March, 2011	Friday, March 11

Applications Approved

Applications approved since December 31, 2010 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
Field of Membership Changes Approved:	
Texas Dow Employees Credit Union (Lake Jackson)	See Newsletter No. 08-08
Neighborhood Credit Union (Dallas)	See Newsletter No. 06-10
YOUR Community Credit Union (Irving)	See Newsletter No. 11-10
First Central Credit Union (Waco) (#1) (Modified) Members of Friends of Consumer Freedom who live, work, worship or attend school in Callahan, Eastland, Comanche, Mills, San Saba, McCulloch, and Coleman Counties, Texas.	See Newsletter No. 11-10
First Central Credit Union (Waco) (#2) (Modified) Members of Friends of Consumer Freedom who live, work, worship or attend school in Bosque, Falls, and Coryell Counties, Texas.	See Newsletter No. 11-10

Merger or Consolidation Change Approved:

Synergy Eastex FCU with East Texas Professional CU See Newsletter No. 09-10
First Service Credit Union with Right Choice Credit Union See Newsletter No. 11-10

Charter Conversion Approved:

Texell Credit Union (Temple) Federal to State

Out of State Branch Office Approved:

Baxter Credit Union (BCU) (San Antonio) See Newsletter No. 11-10

Applications Received

The following application was received and published in the January 28, 2011 issue of the **Texas Register**:

Field of Membership Expansion:

InvesTex Credit Union (Houston) – To permit employees of Al’s Formal Wear who work in or are paid or supervised from Houston, 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:

Auto Parts Employees Credit Union (Fort Worth) -- The credit union is proposing to change its name to Everman Parkway Credit Union.

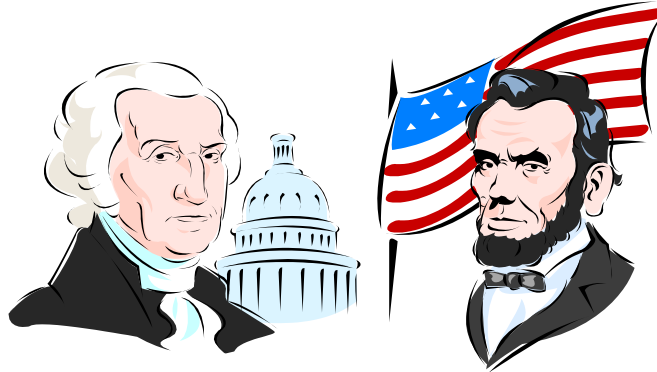
Merger or Consolidation:

An application was received from **Unity One Credit Union** (Fort Worth) seeking approval to merge with **GCM Federal Credit Union** (Minnesota), with Unity One Credit Union being the continuing 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.

Holiday Schedule for TCUD

The Department's office will be closed on **February 21, 2011**, in observance of President's Day.



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.