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# Credit Union Department



## NEWSLETTER

No. 06-11

[www.cud.texas.gov](http://www.cud.texas.gov)

June 30, 2011

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### **Amendments to Rules Adopted at June Commission Meeting**

The Commission adopted amendments to three rules at its June meeting. **Rule 91.501 (7 TAC §91.501)** was amended to clarify when a director is automatically removed from office as a result of absences and to require credit unions to adopt election procedures that are impartial. The amendments also set out procedures for recalling directors and filling any resulting board vacancies. Amendments to **Rule 91.502 (7 TAC §91.502)** provide for enhanced board oversight of travel expense reimbursements, clarify when a credit union cannot pay director fees, provide for additional credit union financial analysis when paying director fees, and require that the board's annual review of fees and expenses be documented in the minutes. The amendments also address when a credit union can reimburse a director for guest travel expenses.

Finally, the Commission adopted amendments to **Rule 91.516 (7 TAC §91.516)** to update regulatory references and edit the rule for clarity. The Department will email credit unions a link to the amended rules in late July. Credit unions can also find the amended rules on the Department's website at [www.cud.texas.gov](http://www.cud.texas.gov).

### **NMLS Mortgage Call Report for Certain CUSOs**

All CUSOs using state-licensed mortgage loan originators in Texas must complete the NMLS Mortgage Call Report on a calendar quarter basis and submit it through NMLS. The NMLS Mortgage Call Report is a single report of condition that reflects the entire mortgage activity and financial information of a CUSO.

To find out what information your CUSO will need to submit as part of the NMLS Mortgage Call Report, please visit the Mortgage Call Report section of the NMLS Resource Center at: <http://mortgage.nationwidelicencingsystem.org/slr/common/mcr/Pages/default.aspx>.

## **Loan Modifications**

The number of loan modifications has increased during the past year due to the financial difficulties experienced by borrowers. The modifications generally include an extension of the next due date or a refinancing of the loan to reduce the borrower's monthly payments. While the Department does not object to a credit union making reasonable accommodations to assist a borrower, it is important that the basis for the loan modification be clearly documented in the loan file. The analysis must demonstrate that the borrower has the intent and ability to repay the loan in accordance with the revised loan terms. A loan modification intended solely to avoid reporting the delinquent status and related loss exposure from a loan is inappropriate and may be deemed a falsification of the credit union's records. Credit unions are encouraged to ensure that clearly-defined loan modification policies and procedures are in place to avoid any deficiencies in this area.

## **Searchable Rules Database**

The Department recently added a link to our website to allow credit unions to search for a specific word or phrase in the Texas Rules for Credit Unions. The link to the Texas Administrative Code (TAC) is accessible at [www.cud.texas.gov](http://www.cud.texas.gov) in the rules section under the "Laws/Rules" heading. To search the TAC for credit union-specific rules, the search parameters should specify the Agency Name: Credit Union Department or Title Number: 7 and Part Number: 6.

## **June 30 Call Report Cycle**

The due date for the June 30, 2011 call report is July 22, 2011. Credit unions are reminded that they must go into 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.

## **Raffles**

From time to time, credit unions contact the Department asking whether they can hold a raffle. The question arose again recently as several states passed laws authorizing savings promotion raffles.

In Texas, raffles are governed by Chapter 2002 of the Occupations Code (<http://www.statutes.legis.state.tx.us/SOTWDocs/OC/htm/OC.2002.htm>). Only a qualified organization, as defined in Section 2002.002 of the statute, may conduct a raffle. This definition of qualified organization is very limited and does not appear to include credit unions. The statute also defines what constitutes a raffle.

According to the Attorney General's website (<https://www.oag.state.tx.us/consumer/raffle.shtml>), holding an unauthorized raffle constitutes gambling. Given the potential penalties, we recommend credit unions consult their legal counsel before engaging in any activity that might constitute a raffle.

## **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.

<b><u>Published In</u></b>	<b><u>Deadline for Receipt</u></b>
July, 2011	Friday, July 15
August, 2011	Friday, August 12

## **Applications Approved**

No Applications have been approved since May 31, 2011.

## **Applications Received**

The following application was received and published in the June 24, 2011 issue of the *Texas Register*:

Merger or Consolidation:

An application was received from **Prestige Community Credit Union** (Dallas) seeking approval to merge with **Texas First Choice Federal Credit Union** (Irving), with Prestige Community 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 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.cud.texas.gov>.

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@cud.texas.gov](mailto:info@cud.texas.gov).