



Newsletter

No. 04-12



April 2012



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CUD is the state agency that regulates and supervises credit unions chartered by the State of Texas. The Department is professionally accredited by the National Association of State Credit Union Supervisors (NASCUS) certifying that CUD maintains the highest standards and practices in state credit union supervision.

*Our **Mission** is to safeguard the public interest, protect the interests of credit union members and promote public confidence in credit unions.*

Credit Union Commission

The Commission is the policy making body for CUD. The Commission is a board of private citizens appointed by and responsible to the Governor of Texas.

Members:

- Thomas F. Butler, Chair
- Manuel Cavazos IV, Vice Chair
- Gary L. Janacek
- Dale E. Kimble
- Sherri B. Merket
- Allyson Morrow
- Rob Kyker
- Gary D. Tuma
- A. John Yogerst

Next Commission Meeting

Friday, June 15, 2012 beginning at 8:00 a.m. in the offices of CUD.

Corrections to Rule 91.801

An alert reader has noticed that a few words that should have been deleted from the recent amendments to Rule 91.801 (Change 31) were inadvertently left in. Specifically, 91.801(c)(1) has stray language that causes confusion and makes it difficult to understanding the actual criteria that will trigger the notice requirement. A couple of other paragraphs have less noticeable intrusions. The Texas Register will be publishing notice of the correction and we have also put the proper version on our website for your information. Once the Department has met all of the requirements to delete the stray language, Change 32 will be sent to all credit unions.



Credit Union Financial Trends and Rankings

Two new reports are now available on our website. Under "Reports and Publications" tab you can view both the 2011 Financial Trends and Credit Union Rankings by Asset. Anyone desiring a printed copy you may contact Isabel Velasquez at (512) 837-9236.



Understatement of Loan Loss Allowance

The Department continues to see instances where a credit union's Allowance for Loan and Lease Losses (ALLL) is materially understated based on management's own internal analysis of the loan loss exposure. The failure to accurately record the appropriate loan loss expense is frequently the result of budgetary or other earnings considerations. Credit unions should be aware that any intentional failure to fund the ALLL in a timely manner may be classified as an effort to falsify the accounting records. Section 122.254 of the Finance Code specifies that a person has committed a criminal offense if they knowingly make a false accounting entry with the intent to deceive. In order to ensure full and fair disclosure, Commission Rule 91.718 specifies that adjustments to the Allowance for Loan and Lease Losses (ALLL) be made prior to the end of each calendar quarter in accordance with a clearly established internal methodology.



Advance Hurricane Planning

While preliminary predictions from climatologists are that the upcoming 2012 hurricane season likely will be slower than normal, it does not mean we will be safe from strong storms impacting populated areas along the Texas coast. It only takes one storm to make the season bad. For example, take a look at 1992. 1992 only produced seven named storms. However, one of those storms became a major hurricane and caused massive amounts of destruction across the Miami-Dade area and across Homestead, Florida. Hurricane Andrew was a Category 5 hurricane with wind speeds around 165 miles per hour. The storm killed 65 people and had \$26 billion dollars in damage. With this in mind, credit unions located in vulnerable areas should take each season seriously and not minimize the need to have an effective Emergency Preparedness and Business Resumption Plan in place.



Publication Deadlines

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>Publication Date</u>	<u>Application Deadline</u>
May, 2012	Friday, May 11
June, 2012	Friday, June 15



Applications Approved

Applications approved since March 21, 2012 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
<i>Field of Membership Changes – Approved:</i>	
Navy Army Community Credit Union (#1) (Corpus Christi)	See Newsletter No. 10-11
<i>Articles of Incorporation Change – Approved</i>	
Brazos Valley Schools Credit Union (Katy)	See Newsletter No. 02-12
<i>Merger or Consolidation – Approved:</i>	
HHA FCU (Houston) and Space City CU (Houston)	See Newsletter No. 03-12
<i>Charter Change – Approved:</i>	
LCRA Credit Union (Austin)	50 Years to Perpetuity
Energy Capital Credit Union (Houston)	50 Years to Perpetuity

Applications Received

The following applications were received and will be published in the April 27, 2012 issue of the Texas Register.

Field of Membership Expansion:

Texas Telcom Credit Union (Dallas) – To permit persons who live in, worship in, attend school in or work in Dallas County, Texas, to be eligible for membership in the credit union.

EECU (Fort Worth) – To permit persons who live, work, attend school, or worship within a 10-mile radius of the branch office of EECU located at 1460 W. Southlake Boulevard, Southlake, Texas 76092, to be eligible for membership in the credit union.

The Education Credit Union (#1) (Amarillo) – To permit individuals living, working, worshipping or attending school within a ten (10) mile radius of 4400 I-40 West, Amarillo, TX 79106-5940, to be eligible for membership in the credit union.

The Education Credit Union (#2) (Amarillo) – To permit individuals living, working, worshipping or attending school within a ten (10) mile radius of 6201 Hillside Road, Amarillo, TX 79109-7193, 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.cud.texas.gov/page/bylaw-charter_1. 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.

Merger or Consolidation:

An application was received from **Space City Credit Union** (Houston) seeking approval to merge with **Independence Parkway Federal Credit Union** (La Porte). Space City Credit Union will be the surviving credit union.

An application was received from **America's Credit Union** (Garland) seeking approval to merge with **Commercial Metals Federal Credit Union** (Irving). America's Credit Union will be 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.

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*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.*

*Suggestions and comments concerning the newsletter or its content are welcomed.*



To learn more about CUD click <http://www.cud.texas.gov> or contact us at 914 E. Anderson Lane, Austin, TX 78752

