



Credit Union Department Memorandum

TO: All Credit Unions

FROM: Harold E. Feeney, Commissioner

DATE: June 3, 2014

SUBJECT: 2014 Hurricane Season

The 2014 hurricane season has begun and we are all hopeful this year will be a repeat of the 2013 season, with minimal hurricane activity. History teaches us, however, that a lack of hurricane awareness and preparation are common threads among all major hurricane disasters. Knowing our vulnerabilities and what actions we should take, is one of the best defenses against the destructive—and potentially deadly—power of a hurricane or tropical storm. Although credit unions headquartered near the Texas coast are the most vulnerable, storms can disrupt and endanger lives throughout the state.

Hurricane hazards come in many forms, including storm surge, heavy rainfall, inland flooding, high winds, tornadoes, and rip currents, and power outages. Lessons have been learned from previous years' storms both in our state and others, and we can benefit from that experience. We would like to outline what the Department can do for you if a storm affects your area and what you can do to assist the Department.

The president or other designated officer in charge of a credit union may close the institution entirely or one or more of its office for up to three business days pursuant to 7 TEX. ADMIN. CODE §91.5001. If necessary, after the Governor declares a disaster, the Commissioner will issue an order authorizing credit unions in the affected areas to close and remain closed until the credit union's officers determine an emergency no longer exists. The Order will be posted on our website (www.cud.texas.gov). In either case, the credit union needs to contact the Department by fax [(512) 832-0278], email [CUDmail@cud.texas.gov], telephone or text message [(512) 837-9236] as promptly as conditions permit, providing the date and time of closing and the address of the affected office(s).

We all know that credit unions are essential to the orderly preparation for and recovery from a storm. Specifically, credit unions supply cash that is so vital both before and after a disaster. To ensure that your credit union is ready to meet member needs, we strongly recommend that orders for extra cash (within the limitations of your bond) are submitted to the credit union's supplier well in advance of an approaching storm. We also recommend that provisions be made to ensure ATMs are properly stocked.

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It is very important that credit unions develop appropriate contingency plans to preserve and protect their records. This is particularly important for electronic information systems. It is far more economical to duplicate many of these medium at the time of creation than to attempt to recover the sole copy of such items damaged in an emergency or disaster. Back-up medium should not be left at the site of a potential impact area. Secure off-site storage should be established prior to the hurricane making landfall or, if no other option exist, an officer of the credit union should take an encrypted copy of the back-up medium with him/her upon evacuation. Credit unions are also encouraged to have a plan in place for alternate site operations, including a hot site, for short-term business operations following a disaster. A telephone tree listing employees with primary and alternative contact numbers has also proven essential.

Generally, if a credit union has not communicated with the Department within 24 hours after the hurricane subsides, the Department will attempt to make contact using the emergency contact information previously provided by the credit union. It is important for each credit union to review and update, if necessary, any emergency contact information in the credit union's NCUA On-Line Profile. Keeping in mind that a hurricane strike in your area may not only impact your credit union's facilities or operations, but will likely impact your employees, their property and their families. The credit union should be prepared to take whatever steps are needed to support employees in their ability to secure their own safety as well as that of their family, as this will impact their ability and/or willingness to return to work.

After the emergency has passed, the Department maintains a list of open and closed credit union offices to assist the public in obtaining credit union services. We also coordinate with NCUA and trade associations to provide the Governor's Office, the Credit Union Commission, and the Texas Emergency Operations Center with reports on credit union closures or other issues that have been brought to our attention. We encourage you to work with your members during this difficult time. You may consider increasing credit limits, eliminating fees for services or granting loan payment extensions if these accommodations can be accomplished within safe and sound parameters. We also encourage you to consider assisting other credit union members by waving check cashing, ATM and other similar fees. If your credit union has a unique need, which might involve state government, please let us know and we will try to assist you.

By working together, we can be a source of strength for all Texans. Thank you for your efforts and continued attention to this matter!

HEF/iv

Resources

<http://governor.state.tx.us/hurricane/>

http://www.txdps.state.tx.us/dem/ThreatAwareness/weather_aware_hurricane.htm

<http://www.nhc.noaa.gov/>

<http://www.ready.gov/hurricanes>