

2015
Cooperative Interstate
Agreement for the Supervision of
State-Chartered Credit Unions

1. Statement of Purpose

1.1 Intent

The intent of this Agreement is to promote interstate commerce and cooperation on a reciprocal basis among the States that are a signatory to this Agreement.

1.2 Goals

1.2.1 The goals of this Agreement are: to promote fair and equitable commerce among state-chartered credit unions based upon reciprocity, subject to appropriate safety and soundness provisions, in order to best serve the citizens of our respective States; and to ensure that continued discussions occur with the associated regulatory agencies, the credit union industry, and other interested parties to promote consistent and equitable treatment for state-chartered credit unions, so they may effectively compete.

1.2.2 While it is recognized that interstate cooperation under this Agreement is necessarily and properly subject to the requirements of individual state law, this Agreement acknowledges that federally chartered credit unions can effectively branch across state lines without limitation. Implementation of the Agreement seeks to minimize the regulatory burden on state-chartered credit unions and promote timely, efficient, and appropriate regulatory decisions.

1.3 Definitions

For purposes of this Agreement:

1.3.1 “Home State” means the state where a multi-state credit union is chartered.

1.3.2 “Home State Supervisor” means the state supervisor of the Home State of a multi-state credit union.

1.3.3 “Host State” means a state other than the Home State, where a multi-state credit union conducts or has applied to conduct an activity that requires approval of and/or notification to the Host State Supervisor.

1.3.4 “Host State Supervisor” means the State Supervisor of the Host State of a multi-state credit union.

1.3.5 “Multi-state credit union” means a state-chartered credit union that conducts or has applied to conduct an activity, through physical presence or an approved field of membership, in one or more Host States.

1.3.6 “Originating authority” means the State Supervisor that originally compiled or drafted an item of supervisory information.

1.3.7 “State Supervisor” means the state agency or official that has jurisdiction over the chartering, examination, and supervision of state-chartered credit unions in a particular state.

1.3.8 “Supervisory information” means all information and reports in whatever form compiled or drafted by a state supervisor in the ordinary course of examining and supervising a multi-state credit union, including, but not limited to, Host State activities. In addition, the work papers and findings drafted by a Host State Supervisor in a joint examination with the Home State Supervisor shall be deemed to be supervisory information of the Home State Supervisor. Supervisory information also includes any non-public, confidential information or documents that are exchanged among the Home State Supervisor, Host State Supervisor, and the credit union applicant.

2. Responsibilities for Supervision and Examination

2.1 The Home State Supervisor shall be the primary regulator responsible for the supervision and examination of credit unions chartered in their state and shall be the single point of contact for the filing of all applications. It shall be the responsibility of the Home State Supervisor to regularly provide supervisory information, if requested, to each of the Host State Supervisors that have branches of a multi-state credit union in their respective states.

2.2 It shall be the responsibility of the Home State Supervisor to provide copies of any pending administrative actions, if requested, to Host State Supervisors and other appropriate parties, preferably prior to the effective date of the administrative action. A Host State should notify the Home State of any pending actions being considered under its state regulatory authority or of any regulatory concerns the agency perceives as significant, including complaints received or information that indicates a multi-state credit union may have violated Host State law. The Home State Supervisor shall notify the Host State Supervisor of any complaints received or other information that indicates a multi-state credit union may have violated Host State law.

3. Information Sharing

3.1 Providing Information; Requests for Information

3.1.1 To the extent permissible under state law, the Home State Supervisor shall provide to each affected Host State Supervisor a copy of its examination reports of a multi-state credit union prepared after the date of this Agreement if requested by the Host State Supervisor. The examination reports shall be provided promptly after they are furnished to the credit union.

3.1.2 A State Supervisor may at any time request from another State Supervisor, supervisory information regarding a multi-state credit union. The request shall be made in writing by the State Supervisor or the supervisor's designee.

3.1.3 The request by a State Supervisor should be reasonably specific as to the supervisory information sought. The State Supervisor may request items relating to a particular event, or may make a standing request for all items of a particular nature or relating to a specific credit union. Standing requests for information, and the termination of such requests, should be made in writing.

3.1.4 The State Supervisor shall limit the use of information obtained under this Agreement to purposes directly related to its supervisory authority.

3.1.5 When the applicable share and deposit insurer requests information regarding a multi-state credit union from a Host State Supervisor, the Host State Supervisor should refer the request for information to the Home State Supervisor for response.

3.2 Providing Information

3.2.1 A State Supervisor shall comply with another State Supervisor's request for supervisory information within an agreed-upon period of time and to the fullest extent permitted by state law. Supervisory information protected by other law shall not be provided until the permission of the share or deposit insurer or other applicable state or federal agency is obtained or as directed by a court of law.

3.3 Confidentiality

3.3.1 Supervisory information shared under this Agreement shall be confidential unless otherwise specified by the originating authority. To the fullest extent permitted by law, State Supervisors shall treat information obtained under this Agreement with the same degree of confidentiality that applies to the information in the hands of the originating authority.

3.3.2 Supervisory information shared under this Agreement remains the property of the originating authority and shall not be further disclosed by the recipient without the written permission of the originating authority, except as otherwise required by applicable law of the recipient's state or order of a court of competent jurisdiction, and then only after notice to the originating authority as provided in section 3.4. Supervisory information obtained under this Agreement should be returned or destroyed once the recipient no longer needs the information.

3.4 Legal Process

3.4.1 Upon receipt by a State Supervisor of a subpoena or other legal process from any court, legislative body, governmental agency, or other person not a party to this Agreement, that seeks disclosure of supervisory information received from the originating authority regarding a multi-state credit union, and before disclosure of any such information, the State Supervisor shall notify the originating authority immediately so that the originating authority may have an opportunity to challenge the release of the information. Home State and Host State Supervisors should cooperate in the preparation of any memoranda, requests for protective orders, or pleadings deemed desirable by the originating authority to protect the release or confidentiality of supervisory information.

3.4.2 Where the Host State Supervisor participates in a joint examination, the Host State Supervisor's work papers and findings shall be deemed to be supervisory information of the Home State Supervisor as the originating authority for the purposes of this section and shall not be disclosed except in compliance with section 3.3 or subsection 3.4.1.

4. Activities Conducted by Phone, Through the Mail, and Over the Internet

4.1 The signatories of this Agreement note that many financial service providers are providing financial services without a physical presence in their respective States, through the internet and other electronic delivery methods, through the mail, and by phone. It is agreed that such financial services provided without a physical presence in the Host State do not constitute branching for the purposes of this Agreement, to the extent consistent with applicable state law or regulation.

4.2 Financial services provided through automated teller machines, cash delivery machines and similar automated and unmanned facilities shall be permitted on a reciprocal basis, subject to applicable state law requirements. Such facilities shall not be considered to constitute branching for the purposes of this Agreement in the absence of state law to the contrary.

5. Application of State Law, Consumer Issues, or Consumer Complaints

Questions regarding the application of state law, practices which may be considered abusive or deceptive to the consumer, and consumer complaints or disputes should be forwarded to the Home State Supervisor. The Home State Supervisor agrees, as a matter of course, to share information with the Host State Supervisor regarding the disposition of any such issues or complaints that originated in the Host State. The provisions of this section and any other sections notwithstanding, with reasonable notice to the Home State Supervisor, the Host State Supervisor may take an enforcement action against a multi-state credit union doing business in the Host State for violation of Host State law, to the extent permitted or warranted under Host State law.

6. Interstate Branching among the Participating States

6.1 Interstate branching shall be permitted on a reciprocal interstate basis, subject to the approval of the Home State Supervisor, the accordance of the Host State Supervisor, applicable state law, and other requirements, including, but not limited to, the following:

- a) Demonstration of adequate and proper safety and soundness;
- b) Demonstration of adequate management resources;
- c) Demonstration that the credit union meets fidelity bond requirements; and
- d) Demonstration that the credit union meets deposit insurance requirements.

6.2 Where permitted by applicable state law, credit unions may request to serve additional supplemental employee groups from approved interstate branch locations, subject to Home State approval and Host State accordance.

6.3 Where permitted by applicable state law, credit unions may request to serve additional limited fields of membership from previously approved interstate branches, subject to the same statutory, regulatory and policy requirements that state-chartered credit unions domiciled in that Host State would be subject to, and the requirements of the Home State Supervisor. In addition, credit unions in that Host State must have similar reciprocal authority to apply for additional limited fields of membership in the Home State of the credit union making application.

6.4 All such branching and field of membership applications shall initially be made with the Home State Supervisor, who will then be responsible for forwarding the application to the Host State Supervisor for consideration. The credit union making the application shall be responsible for submitting the application to the Home State Supervisor. If the Home State Supervisor recommends approval of the request, the application would then be forwarded to the Host State Supervisor along with the analysis performed by the Home State Supervisor to determine if the application is consistent with safety and soundness and the requirements of Home State law and regulations. The Host State will respond to the Home State and the applying credit union with its determination of consistency with their statutory requirements including any regulatory concerns noted from the review.

7. Processing of Applications Filed with Home State Regulators

7.1 Recognizing that the timing of the processing of interstate applications is key to maintaining the competitiveness of the state charter, it is agreed by all signatories to this Agreement that a good faith effort shall be made to process all applications received from Home State Supervisors within 30 days of the receipt of an application. It is recognized that requesting additional information from the applicant could increase the processing time for an application.

7.2 If it appears that additional time will be required to complete the processing of an application, the Home State Supervisor will be so informed and a projected date will be provided regarding the completion of processing.

8. Limitations on Reliance

Each signatory acknowledges that it will not rely solely on any of the information, opinions, or ratings contained in the supervisory information provided by another State Supervisor. Further, each signatory expressly waives any claim it might have against the other for liability, indemnification, or damages arising from its receipt, use of, or reliance upon any information received under this Agreement.

9. Amendment and Termination

9.1 Any party to this Agreement may propose an amendment at any time, but this Agreement may be amended only by written instrument signed by each of the parties to the Agreement.

9.2 Any party to this Agreement may withdraw from this Agreement at any time by giving thirty days prior written notice to all other parties.