

Document of Cooperation

The National Association of State Credit Union Supervisors (“NASCUS”), on behalf of the state regulatory agencies, and the National Credit Union Administration (NCUA) enter into this agreement for the primary purpose of ensuring the safety and soundness of all federally insured state-chartered credit unions and facilitating the cooperative relationship between the state regulator and the federal share insurer. NASCUS recognizes NCUA’s role as administrator of the National Credit Union Share Insurance Fund (“NCUSIF”) for federally insured state-chartered credit unions. NCUA recognizes that the state regulatory agencies are the regulator of state-chartered credit unions and NASCUS’ role as a resource and voice for state credit union regulatory agencies.

In their respective roles, NASCUS on behalf of the state regulatory agencies and NCUA, as administrator of the share insurance fund, shall work cooperatively to:

1. Improve examination and supervision efforts through the use of jointly developed common examination procedures;
2. Provide quality training to all state and federal examiners;
3. Provide timely and accurate data for use in assessing risks, monitoring federally insured credit unions, and establishing examination and supervision priorities;
4. Ensure the early recognition and timely correction of material risks (e.g. Credit Risk, Interest Rate Risk, Liquidity Risk, Transaction Risk, Compliance Risk, Strategic Risk, and Reputation Risk) in federally insured credit unions that may affect their safety and soundness and potentially pose losses to the National Credit Union Share Insurance Fund (NCUSIF);
5. Document facts and figures about benefits, costs, and charges for such administrative and other expenses incurred in carrying out the purposes of Title II-Share Insurance as the NCUA Board determines to be proper, reasonable and equitable;
6. Consult and seek to work cooperatively when evaluating and implementing prompt corrective action (“PCA”) and member business lending (“MBL”) amendments and regulations pursuant to 12 U.S.C. §1757a(e) and §1790d(l);
7. Foster an environment with open communications, constructive dialogue, and the exchange of ideas between state and federal credit union regulators, including policy dialogue between the NASCUS Chairman and the NCUA Board member who serves as the NASCUS liaison; and
8. Promote ongoing meetings to discuss emerging and current regulatory and insurance issues.

It is recognized and agreed that the regulation and examination of state-chartered credit unions properly belongs to and is the primary responsibility of the state. Guidelines for accomplishing joint examinations and insurance reviews are provided in NCUA’s Chapter 26 in the Examiner’s Guide and NCUA’s Chapter 104 in the Corporate Examiner’s Guide, which may be revised by mutual agreement between NASCUS and NCUA consistent with the spirit of this document.

The parties agree that the insurance risk assessment process has a fundamental purpose of due diligence and risk management to safeguard the NCUSIF. Credit unions of varying risk and size may be scheduled for joint examination and independent insurance reviews to confirm the condition of credit unions insured by the NCUSIF. When identifying credit unions for independent insurance reviews, NCUA will evaluate the financial condition of the credit union, the degree of risk potentially posed to the insurance fund, concentrations of assets in larger credit unions, and may consider such mitigating factors as state accreditation, staffing, training, examiner experience level, insurance losses, examination cycles, and economic conditions within a state.

Each state regulator and the respective NCUA regional director may elect to develop mutually satisfactory criteria and procedures for joint examinations and independent insurance reviews within the spirit of this document.

It will be the mutual responsibility of the state regulator and the regional director to make good faith efforts to resolve disputed joint examination and independent insurance reviews. In the event of an impasse, the state regulator or regional director may refer the disputed request on insurance issues to the NASCUS Chairman and the NCUA Director of Examination and Insurance for further discussion and resolution.

Both parties jointly enter into this agreement on the 24th day of July 2007, as evidenced by the following signatures:

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JoAnn Johnson
Chairman
National Credit Union Administration

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Linda Jekel, WA
Chairman
National Association of State Credit Union Supervisors