



## **Interstate Branching Agreement**

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## **1. STATEMENT OF PURPOSE**

### **1.1 Intent**

This Nationwide Cooperative Agreement for the Supervision of State Chartered Credit Unions Operating in a Multi-state Environment (Agreement) establishes guidelines for state credit union supervisors to examine and supervise the interstate operations of multi-state, state chartered credit unions. These guidelines are designed to assist state supervisors in their efforts to promote increased coordination, cooperation, and communication in the regulation of multi-state credit unions, while maintaining competitive, responsive, and safe and sound credit union operations for the citizens of their respective states. To achieve these ends, the states have entered into this Agreement, which is tailored to the unique organizational structure and business strategies of multi-state credit unions.

### **1.2 Goals**

The goals of the parties to this Agreement are to promote a uniform nationwide system ensuring the safety and soundness of state chartered multi-state credit unions; to cooperate in the examination and supervision of multi-state credit unions; to foster effective coordination and communication among the state supervisors; to facilitate the process of examination and supervision with the least possible regulatory burden to multi-state credit unions; to enhance responsiveness to local needs and interests by multi-state credit unions; and to promote and maintain the viability of the state chartering alternative.

### **1.3 Responsibilities**

The parties agree that the HOME state supervisor is the primary regulator and shall act as the single point of contact for multi-state credit unions. The HOME state supervisor is responsible for examining and supervising its multi-state credit unions, including their HOST state activities. In addition, the parties recognize that the HOST state supervisor has a legitimate interest in monitoring the safety and soundness of HOST state activities and in making sure that such credit unions conduct business in compliance with applicable HOST state law. The parties agree to cooperate to assure that each of their material interests, authorities and responsibilities are fulfilled. HOME and HOST state supervisors shall work together to identify any activities which may require applications/notices under HOST state law.

### **1.4 Definitions**

For the purposes of this Agreement:

**1.4.1** "Complaint" means a written complaint received by the HOME state supervisor or the HOST state supervisor concerning a multi-state credit union. At the discretion of the state supervisor, complaints may be provided in other formats.

**1.4.2** "Emergency" means the existence of a condition or circumstance which is an unsafe or unsound practice or dishonest act which is likely to cause insolvency, substantial dissipation of assets or earnings or to seriously weaken the condition of a multi-state credit union or otherwise seriously prejudice the interest of its members.

**1.4.3** "Enforcement action" means any action, whether civil, criminal, or administrative, or equivalent action, to enforce credit union or other applicable laws.

**1.4.4** "HOME state" means the state where a multi-state credit union is chartered.

**1.4.5** "HOME state supervisor" means the state supervisor of the HOME state of a multi-state credit union.

**1.4.6** "HOST state" means a state other than the HOME state, where a multi-state credit union conducts or has applied to conduct an activity which requires approval of/notification to the HOST state supervisor.

**1.4.7** "HOST state supervisor" means the state supervisor of the HOST state of a multi-state credit union.

**1.4.8** "Multi-state credit union" means a state chartered credit union that conducts or has applied to conduct an activity in one or more HOST state(s).

**1.4.9** "Originating authority" means the state supervisor that originally compiled or drafted an item of supervisory information.

**1.4.10** "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.

**1.4.11** "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 HOST state activities. In addition, the workpapers 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.

## **2. INFORMATION SHARING**

### **2.1 Providing Information; Requests for Information**

**2.1.1** 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.

**2.1.2** 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.

**2.1.3** 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.

**2.1.4** The state supervisor shall limit the use of information obtained under this Agreement to purposes directly related to its supervisory authority.

**2.1.5** 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.

### **2.2 Providing Information**

**2.2.1** A state supervisor shall comply with the request for supervisory information within an agreed-upon period of time 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 directed by a court of law.

### **2.3 Confidentiality**

**2.3.1** 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.

**2.3.2** 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 2.4. Supervisory information obtained under this Agreement should be returned or destroyed once the recipient no longer needs the information.

## **2.4 Legal Process**

**2.4.1** 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, seeking 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.

**2.4.2** Where the HOST state supervisor participates in a joint examination, the HOST state supervisor's workpapers 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 2.3 or subsection 2.4.1.

### **3. EXAMINATION PROCESS**

#### **3.1 HOME State Roles / Responsibilities**

**3.1.1** The HOME state supervisor of a multi-state credit union is the primary regulator and the single point of contact for the credit union. The HOME state supervisor is responsible for examining its multi-state credit unions.

**3.1.2** To present a single point of contact for the examination process, the HOME state supervisor shall initiate and coordinate the examination of the multi-state credit union with the appropriate state supervisor(s) and, when appropriate the share and deposit insurer(s).

**3.1.3** The HOME state supervisor shall consult with, and defer to determinations of the HOST state supervisor(s) concerning interpretation of HOST state law. The HOME state supervisor shall cooperate with the HOST state supervisor to assure that each of their material interests, authorities, and responsibilities are respected.

#### **3.2 HOST State Roles / Responsibilities**

**3.2.1** The HOST state supervisor shall notify the HOME state supervisor, in writing, of its desire to receive supervisory information on, or to participate in the examination of a multi-state credit union.

**3.2.2** Upon request, the HOST state supervisor shall provide the HOME state supervisor with determinations and guidance on the application of HOST state laws. The HOST state supervisor shall cooperate with the HOME state supervisor to assure that each of their material interests, authorities, and responsibilities are respected.

**3.2.3** At the request of the HOME state supervisor, the HOST state examiners may participate in the examination of a multi-state credit union. The HOST state examiners shall cooperate with and take direction from, the HOME state's examiner-in-charge (EIC) during the examination.

**3.2.4** The HOST state supervisor shall advise the HOME state supervisor whenever the HOST state supervisor has reasonable cause to believe an examination of HOST state activities of a multi-state credit union is necessary. If the HOME state supervisor is unable to conduct the examination in a reasonable period of time, the HOST state supervisor may conduct an examination for compliance with applicable HOST state law. The HOST state supervisor shall conduct an examination under this provision in a manner consistent with the provisions under this Agreement.

#### **3.3 Examination Planning and Scheduling**

**3.3.1** The HOME state supervisor shall consult with the HOST state supervisor(s) and, when appropriate, the share and deposit insurer(s), in scheduling its examinations of HOME state multi-state credit unions, and shall provide its schedule of such examinations to the appropriate HOST state supervisor(s), if such notice is requested as provided in subsection 3.2.1.

**3.3.2** The HOME state supervisor shall give reasonable notice to the appropriate HOST state supervisor(s) of the timing and scope of an upcoming examination of its multi-state credit union(s) if such notice is requested as provided in subsection 3.2.1.

**3.3.3** The HOME state supervisor may request the participation of the HOST state examiner(s) to assist in the examination. In determining when to request the participation of HOST state examiners, the HOME state supervisor should consider the efficiency of the examination and the interests of the state credit union system.

**3.3.4** The HOME state supervisor should use HOST state examiners to examine for compliance with applicable HOST state laws, unless the HOST state supervisor determines that such participation is impractical and/or unnecessary.

**3.3.5** The HOME state supervisor shall designate the (EIC) of each examination of its multi-state credit unions. The EIC shall designate the examination responsibilities for each examiner involved in the examination. Each examiner shall perform the responsibilities designated and promptly report the findings to the EIC in the form requested, together with the supporting workpapers. The HOME state supervisor shall compile the examination findings and advise the HOST state supervisor(s) of the findings, any follow-up required, and any enforcement actions proposed. If requested by the HOST state supervisor, the HOME state supervisor shall share examination reports and other supervisory information with the HOST state supervisor(s), in compliance with section 2.

### **3.4 Efficient Utilization of State Resources**

**3.4.1** If the HOME state supervisor requests the participation of the HOST state examiner(s) in an examination of a multi-state credit union, the affected state supervisor(s) may, to facilitate efficiencies in the examination and supervision processes, enter into separate bilateral agreements governing the sharing of resources and compensation for services rendered to the extent permitted by the laws of their respective states.

## **4. ENFORCEMENT ACTIONS**

### **4.1 HOME State Enforcement Actions**

**4.1.1** The HOME state supervisor is responsible for initiating enforcement action against its multi-state credit unions. The HOME state supervisor shall provide advance notice to the HOST state supervisor of any enforcement action to be taken against a multi-state credit union. If advance notice is not practicable, the HOME state supervisor shall notify the HOST state supervisor immediately of any enforcement action taken against its multi-state credit union. Enforcement actions taken to address violations of HOST state law shall be taken to the extent practicable, jointly by the HOME and HOST state supervisors.

### **4.2 HOST State Enforcement Actions**

**4.2.1** In the event of an emergency, the HOST state supervisor may take enforcement action permitted under HOST state law regarding the activities of a multi-state credit union in the HOST state. Actions should only be for non-compliance with HOST state laws. In such circumstances, the HOST state supervisor shall, prior to taking such action, notify the HOME state supervisor of the emergency and the enforcement action contemplated.

## **5. COMPLIANCE WITH APPLICABLE LAWS**

### **5.1 Generally**

**5.1.1** Multi-state credit unions are subject to applicable HOME state law and applicable HOST state law.

**5.1.2** HOME and HOST state supervisors shall work together to identify applicable HOST state laws. HOME state supervisors shall consult with, and defer to determinations of, the HOST state supervisor concerning the application of HOST state law.

### **5.2 Waiver**

**5.2.1** The parties recognize that both HOME and HOST state supervisors may not be empowered to waive provisions of their respective state laws which may be applicable to multi-state credit unions, except as expressly permitted by statute or administrative rule.

## **6. APPLICATIONS / NOTICES**

### **6.1 HOST State Applications/Notices**

**6.1.1** HOME and HOST state supervisors shall work together to identify any activities which may require applications/notices under HOST state law.

**6.1.2** Applications/notices required by HOST state law to be filed by multi-state credit unions should be filed with the HOME state supervisor. The HOME state supervisor shall promptly provide the HOST state supervisor with copies of any such applications/notices.

**6.1.3** The HOST state supervisor shall promptly forward a copy of its decision on the application/notice to the HOME state supervisor. The HOME state supervisor shall promptly forward to the credit union the HOST state supervisor's decision on the application/notice. If the HOST state supervisor denies an application or an activity subject to a notice, it shall upon request of the HOME state supervisor provide the rationale for its determination.

## **6.2 HOME State Applications/Notices on Organizational Structure Changes**

**6.2.1** The HOME state supervisor shall provide the HOST state supervisor written notice of any application/notice by a multi-state credit union to enter into organizational structure changes including but not limited to mergers, charter conversions, and name changes. The HOST state supervisor shall promptly respond to such notice from the HOME state supervisor.

**6.2.2** The HOME state supervisor shall promptly notify the HOST state supervisor(s) whenever the change in the organizational structure proposed in an application/notice described in subsection 6.2.1 is completed.

## **7. COMPLAINTS**

### **7.1 Responsibilities**

**7.1.1** The HOME state supervisor is responsible for the processing and resolution of HOME state complaints that involve primarily the violation of HOME state or federal law. The HOST state supervisor is responsible for the processing and resolution of HOST state complaints that involve primarily the violation of HOST state law. The HOME and HOST state supervisors shall promptly forward to the other a copy of any complaint received, unless otherwise agreed upon by the respective state supervisors. The HOME and HOST state supervisors shall work cooperatively to determine responsibility in the event the complaint does not clearly fall within the responsibility of either, or if a complaint involves a serious or widespread violation of law, or practices which cause serious supervisory concern.

**7.1.2** The HOME and HOST state supervisor shall provide each other information that may assist in resolving complaints.

**7.1.3** The HOME and HOST state supervisor shall promptly provide the other with a copy of the resolution of each complaint.

### **7.2 Enforcement Actions**

**7.2.1** Any enforcement action resulting from a complaint shall be taken in accordance with section 4 of this Agreement.

## **8. FEES AND ASSESSMENTS**

**8.1** Multi-state credit unions may be subject to fees and assessments under applicable HOME and/or HOST state law. To the extent permitted by state law, the HOME state supervisor shall bill the multi-state credit union and then reimburse the HOST state supervisor(s).

**8.2** The respective state fees should approximate the cost of the examination and supervision effort, plus reasonable allocations for departmental overhead, as allowed by state law. The goal in this area is to preserve the state charter as a viable option for credit unions with a multi-state operation.

## **9. PARTIES**

### **9.1 Representations and Warranties**



**9.1.1** To the extent consistent with state law, each HOME and HOST state supervisor represents and warrants that he/she has all requisite power and authority to enter into and perform this Agreement and any party acting within the scope of this Agreement shall be deemed to be acting within the scope of the HOME/HOST state supervisor's statutory authority.

## **9.2 Change in Power or Authority**

**9.2.1** In case there is any material change in the statutory power or authority of any state supervisor to perform under this Agreement, such state supervisor shall promptly give notice of the change to the other parties.

## **10. EXECUTION, ENFORCEABILITY, OTHER AGREEMENTS, AND TERMINATION**

### **10.1 Execution**

**10.1.1** The provisions of this Agreement shall become effective July 1, 1998, or when a state supervisor has executed the original, or a counterpart signature page of this Agreement, whichever is latter. This Agreement is not intended to be limited to the original signatories; other parties may sign after the initial execution of this document.

### **10.2 Binding and Enforceable**

**10.2.1** This Agreement shall be binding and enforceable on the parties to the extent allowed by state law.

### **10.3 Other Agreements**

**10.3.1** This Agreement is not intended to prevent the parties from entering into other agreements with individual parties, other financial institutions, regulatory agencies, or individual credit unions, regarding the subject matter of this Agreement.

### **10.4 Amendment and Termination**

**10.4.1** 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.

**10.4.2** Any party to this Agreement may withdraw from this Agreement at any time by giving ninety days' prior written notice to all other parties.

## **11. MISCELLANEOUS**

### **11.1 Waiver**

**11.1.1** The waiver by any state supervisor of performance under any provision of this Agreement shall not invalidate this Agreement, nor shall it be considered a waiver of performance under any other provision of this Agreement or under the same provision required at a later time. The waiver by any state supervisor of the time for performing any act required by this Agreement shall not be considered a waiver of the time for performing any other act or substantially similar act required at a later time.

**11.1.2** All waiver requests/approvals between state supervisors shall be made in writing.

### **11.2 Survival**

**11.2.1** In the absence of state law to the contrary, this Agreement shall continue in effect notwithstanding the fact that an individual who has signed this Agreement ceases to serve as state supervisor.

### **11.3 Severability**

**11.3.1** If any provision of this Agreement or the application thereof to any person or circumstance is held to be invalid or illegal, such invalidity or illegality shall not affect the other provisions or applications of this Agreement which can be given effect without the invalid or illegal provision or application, and to this end, the provisions of this Agreement are declared to be severable.

**NATIONWIDE COOPERATIVE AGREEMENT  
FOR THE SUPERVISION OF STATE-CHARTERED CREDIT UNIONS OPERATING IN A MULTI-STATE  
ENVIRONMENT**

**AGREEMENT**