



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

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## **1. Statement of Intent and Definitions**

### **1.1 Intent**

Increasingly, state credit unions seek to add field of membership (FOM) groups whose members reside, work or are headquartered in states outside of their Home State. However, in many states it is unclear whether out-of-state credit unions are permitted to add FOM groups in a Host State. This lack of clarity creates inefficiencies for state credit unions and their members, as well as State Supervisors.

While this Cooperative Interstate Agreement (“Agreement”) does not supersede state law, and is subject to state law, the intent of this Agreement is to:

- A. Clarify the ability of out-of-state credit unions to add and serve field of membership groups, and add branches, located in Signatory States;
- B. Improve the cooperation and coordination among State Supervisors in supervising and examining credit unions engaged in such activities, in order to make the related regulatory process more effective and efficient; and
- C. Enhance the competitive posture of state-chartered credit unions and minimize the competitive advantage afforded federal credit unions related to interstate activities.

### **1.2 Definitions**

For purposes of this Agreement, unless the context clearly requires otherwise, the following terms have the definitions indicated:

**1.2.1** “Branch” means a credit union branch as defined by the Host State.

**1.2.2** “Credit union” means a credit union chartered by a state.

**1.2.3** “Federal credit union” means a credit union chartered under the Federal Credit Union Act.

**1.2.4** “FOM groups” means occupational groups, associational groups, communities, and any other individuals, entities and areas, that may be included in a credit union’s field of membership.

**1.2.5** A credit union’s “Home State” is the Signatory State that has issued the credit union’s charter. A “Host State” is a Signatory State other than the credit union’s Home State.

**1.2.6** “Law” means any state or federal statutes, rules, and regulations, and any binding pronouncements by a State Supervisor, as well as judicial decisions of a court of competent jurisdiction.

**1.2.7** “Originating Supervisor” means the State Supervisor that originally compiled or drafted an item of Supervisory Information.

**1.2.8** “Share and deposit insurer” means any federal and non-federal primary share and deposit insurer.

**1.2.9** “Signatory State” means each state whose regulatory agency is a signatory to this Agreement.

**1.2.10** “State” means a state or territory of the United States.

**1.2.11** “State Supervisor” or “Supervisor” means each state agency that is a signatory to this Agreement.

**1.2.12** “Supervisory Information” means all information, documents and reports in whatever form compiled or drafted by a State Supervisor in the ordinary course of examining and supervising a credit union, including, but not limited to, a credit union’s Host State activities. “Supervisory Information” also includes any non-public, confidential information, documents and reports that are exchanged among the Home State Supervisor, Host State Supervisor, and the subject credit union.

## **Part A – Interstate Activity; Assessments and Fees Charged to Multiple-State Credit Unions**

### **2. Adding FOM Groups in and Branching into Host States is Permissible**

Each Signatory State (as a Host State) agrees that out-of-state credit unions, subject to compliance with Home and Host state law, may engage in one or more of the following in the State:

- Add members in the State who or which are part of an FOM group located primarily in the credit union’s Home State;
- Add FOM groups located primarily in the State, to the same extent as credit unions chartered by the State, subject to satisfaction of any prior approval or prior notice requirements in the State’s law;
- Add branches in the State, to the same extent as credit unions chartered by the State, subject to satisfaction of any prior approval or prior notice requirements in the State’s law; and

- Engage in the full range of business activities in the State to the extent such is consistent with the law of both the Home State and Host State for their state-chartered credit unions.

Among other means, such additions may be accomplished through acquisitions and mergers involving other credit unions or other types of financial institutions, as such may be permitted under Home and Host State law.

Affected Home and Host State Supervisors agree to consult and collaborate to resolve any interpretational issues under this Section 2.

### **3. Regulatory Asset Assessments and Fees**

Affected Home and Host State Supervisors will make reasonable efforts to avoid double counting of assets for asset assessment purposes and to minimize unnecessary fees. Home and Host State Supervisors should be prepared to respond to inquiries from credit unions for clarification regarding such assessments and fees they may be charged by the Supervisors.

## **Part B – Supervision and Examination**

### **4. Responsibilities for Supervision and Examination**

**4.1 Home State Responsibilities.** A multiple-state credit union shall be subject to an enhanced level of consultation and cooperation among affected State Supervisors according to the provisions of this Agreement.

Such credit union's Home State Supervisor shall be the primary regulator responsible for the supervision and examination of the credit union. The parties recognize that a multiple-state credit union's authorities derive from the law of its Home State but that operations of such a credit union within a Host State must comply with applicable Host State law.

**4.2 Notification of Material Enforcement Actions and Material Regulatory Concerns.** In regard to each multiple-state credit union, each affected Home and Host State Supervisor shall promptly notify each other of:

- A. Material enforcement actions enacted against the credit union, such as an enforcement order of any kind against the institution, its officials or employees; and
- B. Material regulatory concerns it has about the credit union, such as those that may cause the Supervisor to downgrade the credit union's composite CAMEL(S) rating to a 4, or 5.

Each affected Home and Host State Supervisor agrees to continue communicating with the other affected Host State Supervisor(s) or Home State Supervisor, as appropriate, regarding the matters contemplated in A. or B. above in this Section 4.2 until such matters are resolved.

**4.3 Applications and Notices Filed with a Home or Host State Supervisor.** When a Home or Host State Supervisor receives an application or notice from a multiple-state credit union required by Host State law, it shall promptly: (i) provide copies of the filing to the other affected Host State Supervisor(s) or Home State Supervisor, as appropriate (“Other Affected Supervisor” for purposes of this Section 4.3); (ii) provide appropriate updates to the Other Affected Supervisor about its actions in connection with the filing; (iii) as appropriate, consult with the Other Affected Supervisor in making a determination regarding the filing; and (iv) notify the Other Affected Supervisor of the final disposition of the application or notice.

## **5. Sharing Supervisory Information**

### **5.1 Requesting Supervisory Information**

**5.1.1 Requests for Supervisory Information.** In addition to any Supervisory Information provided in accordance with Section 4 of this Agreement, a State Supervisor or the Supervisor’s designee may at any time make a written request to another State Supervisor for other Supervisory Information regarding a multiple-state credit union.

The request by a State Supervisor shall 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.

State Supervisors agree to grant reasonable requests from other State Supervisors or their designees for Supervisory Information.

**5.1.2 Share and Deposit Insurer Requests.** When the applicable share and deposit insurer requests Supervisory Information regarding a multiple-state credit union from a Host State Supervisor, the Host State Supervisor shall refer the request for Supervisory Information to the Home State Supervisor for response.

### **5.2 Confidentiality and Use of Information**

**5.2.1 Shared Information Is Confidential.** Supervisory Information shared under this Agreement shall be confidential unless otherwise specified in writing by the originating Supervisor. To the fullest extent permitted by law, State Supervisors shall treat Supervisory

Information obtained under this Agreement with at least the same degree of confidentiality that applies to the Supervisory Information in the possession of the originating Supervisor.

A State Supervisor shall limit the use of Supervisory Information obtained under this Agreement to purposes directly related to its supervisory authority.

**5.2.2 Shared Information Remains Property of Originating Supervisor.** Supervisory Information shared under this Agreement remains the property of the originating State Supervisor and shall not be further disclosed by the recipient Supervisor without the written permission of the originating Supervisor, except as otherwise required by applicable law of the recipient Supervisor's state or order of a court of competent jurisdiction, and then only after notice to the originating Supervisor as provided in Section 5.3 of this Agreement (whether or not legal process has been involved). Supervisory Information obtained under this Agreement shall ultimately be returned or destroyed by the recipient.

The recipient Supervisor shall provide notice to the originating Supervisor upon discovery of any disclosure of Supervisory Information by the recipient Supervisor, whether the disclosure is intentional, or through an unintentional error or a system breach.

Notwithstanding anything to the contrary contained herein, each party's obligations under this Agreement to maintain the confidentiality of Supervisory Information and to return or destroy Supervisory Information shall survive termination of this Agreement.

**5.2.3 Home/Host State Joint Examinations.** For the purposes of this Agreement, if a Host State Supervisor participates in a joint examination with a Home State Supervisor, the Host State Supervisor's work papers and findings shall also be deemed to be Supervisory Information of the Home State Supervisor as the originating Supervisor, and shall not be disclosed except in compliance with Section 5.2 or Section 5.3 of this Agreement, as applicable.

**5.3 Legal Process.** To the extent permitted by law, a State Supervisor shall notify the originating Supervisor promptly upon receipt 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 Supervisor regarding a multiple-state credit union, and before disclosure of any such Supervisory Information so that the originating Supervisor may have an opportunity to challenge the release of the Supervisory Information. Recipient Supervisors shall cooperate with the preparation of any memoranda, requests for protective orders, or pleadings deemed desirable by the originating Supervisor to protect the release or confidentiality of Supervisory Information.

## **Part C – Miscellaneous**

### **6. Limitations on Reliance**

Each State Supervisor acknowledges it will not solely rely on any of the information, opinions, or ratings contained in the Supervisory Information provided by another State Supervisor.

### **7. Agreement Subject to State Law**

The provisions of this Agreement are subject to the application of the laws of the Signatory Home and Host States.

### **8. Authority; Effective Date; Amendment; Withdrawal**

**8.1 Authority; Effective Date.** Each State Supervisor represents that it has the authority under the law of its state to enter into this Agreement. This Agreement shall become effective as to a Signatory State on the date signed by its State Supervisor.

As to each Signatory State, this Agreement supersedes each of the following Agreements that the State may have signed (“Prior Agreements”):

- The 1998 Nationwide Cooperative Agreement for the Supervision of State Chartered Credit Unions Operating in a Multi-State Environment,
- The 2008 Southeastern Regional Cooperative Interstate Agreement for the Supervision of State-Chartered Credit Unions, and
- The 2015 Cooperative Interstate Agreement for the Supervision of State-Chartered Credit Unions.

Each Signatory State agrees to provide notice of withdrawal, pursuant to the Prior Agreements it has signed to the other parties to such Agreements, promptly after the effective date of this Agreement.

**8.2 Agreement Inapplicable to CUSOs.** This Agreement does not apply to credit union service organizations (CUSOs).

**8.3 Amendment.** This Agreement may be amended only by a written instrument signed by all of the parties to the Agreement.

**8.4 Withdrawal.** Any party to this Agreement may withdraw from the Agreement at any time by giving 30 days prior written notice to all other parties. However, all parties agree that a multiple-



state credit union's Host State activities previously approved by both the affected Home and Host State Supervisor are not impacted by the withdrawal of either or both parties from this Agreement.