

## **DIVISION OF FINANCIAL SERVICES**

**Policy Number:** 400-17  
**Date Issued:** 12/31/98  
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**Title:** INTERSTATE BRANCHES OF STATE-CHARTERED CREDIT UNIONS

**Reference:** Financial Services Board Statement of Policy dated January 9, 1998 (as amended October 12, 2001)  
NASCUS Nationwide Cooperative Agreement dated March 16, 1998

**Purpose:** To establish procedures for the supervision of state-chartered credit unions operating in a multi-state environment.

### **I. General**

The purpose of this policy is to create and implement a program for supervising Colorado branches of out-of-state, state-chartered credit unions ("multi-state credit unions") pursuant to a Financial Services Board policy dated January 9, 1998 (as amended October 12, 2001) and the Nationwide Cooperative Agreement for the Supervision of State-Chartered Credit Unions Operating in a Multi-State Environment ("Cooperative Agreement") that became effective March 16, 1998, of which the Division of Financial Services ("Division") is a party. The focus of this program is to protect Colorado citizens while conserving the resources of the Division.

This policy completely incorporates the Cooperative Agreement and the definitions stated therein. Additionally, for the purposes of this policy the term "branch" means any office or other place of business staffed by at least one individual that is used to conduct business on behalf of an individual multi-state credit union. The term "branch" does not include a shared service center or facility.

### **II. Requirements of Multi-State Credit Unions Operating Branches in Colorado**

It is the position of the Division that multi-state credit unions must comply with the following requirements as a condition of conducting business in Colorado:

- A. Provide a written notification to the Commissioner of Financial Services ("Commissioner") of their intent to establish a branch in Colorado, including the location of the branch and the expected opening date for member service.

- B. Provide evidence satisfactory to the Commissioner that a Colorado-chartered credit union would be permitted to conduct business as a credit union in the state in which the multi-state credit union is chartered.
- C. Apply for a certificate of authority as a “foreign corporation” doing business in Colorado, as required by the Colorado Secretary of State.
- D. Maintain federal share insurance of accounts as required pursuant to C.R.S. 11-30-117.5.
- E. Comply with all applicable requirements of the Uniform Consumer Credit Code ("UCCC").
- F. Comply with all application, notification, and hearing requirements regarding proposed changes to their field of membership when such changes include or intend to include Colorado residents.

### **III. Coordination with Other State Regulators**

It is the Division's intent to implement the Cooperative Agreement in a manner that is both effective and efficient. Therefore, this section of the policy sets forth the Division's procedures for cooperating and coordinating with other state regulators in the examination and supervision of multi-state credit unions doing business in Colorado.

#### *A. Examinations*

1. In accordance with Section 3.3.4 of the Cooperative Agreement, it is the Division's position, at this time, not to participate in the examination of these credit unions and to so indicate to the Home state regulators pursuant to Section 3.2.1 of the Cooperative Agreement.
2. The Division will request that the Home state regulators provide a schedule of examinations of these credit unions pursuant to Section 3.3.1 of the Cooperative Agreement.
3. The Division will request copies of the examination reports of multi-state credit unions from the Home state regulators pursuant to Section 2.1.1 of the Cooperative Agreement.
4. Notwithstanding any provisions above, the Division reserves the right to conduct examinations of the Colorado branches of these credit unions, pursuant to Section 3.2.4 of the Cooperative Agreement, when it is the Division's opinion that the citizens of Colorado are not being adequately protected by the examination procedures employed by the Home state regulator. For instance, as the Colorado legislature has established a statutory requirement that all Colorado credit unions be examined no less often than every 18 months, the Division may consider an interval between Home state

examinations of multi-state credit unions greater than every 18 months to be grounds for conducting an examination in accordance with this policy.

*B. Enforcement Actions and General Supervision*

1. It is the Division's position that enforcement actions regarding Home and Host state laws shall be undertaken in accordance with Sections 4.1.1 and 4.2.1 of the Cooperative Agreement.
2. The Division has identified the following activities as requiring an application to or notification of the Division by multi-state credit unions operating or intending to operate a branch in Colorado:
  - a. Notification of intent to establish a branch office pursuant to Section II.A. of this policy.
  - b. Notification of the addition of small groups of 1000 or fewer Colorado citizens to the credit union's field of membership pursuant to Division Rule 3.2(a).
  - c. Application for the addition of small groups of over 1000 Colorado residents to the credit union's field of membership pursuant to Division Rule 3.2(b).

All such notifications and applications must comply with all statutory, regulatory, and policy requirements of the Division. In particular, field of membership expansion in Colorado by a multi-state credit union is only permitted if the multi-state credit union is chartered in a state that would permit a Colorado-chartered credit union to expand its field of membership at least to the same extent. The Division shall follow the procedures outlined in Section 6.1 of the Cooperative Agreement with regard to the involvement of the Home state regulator in the above noted matters.

3. It is the Division's intent to process complaints made by Colorado residents against multi-state credit unions pursuant to Section 7.1 of the Cooperative Agreement and, to the extent feasible, within the time frames established in Division Policy 100-9.

**IV. Administration**

- A. Pursuant to the Financial Services Board Policy dated January 9, 1998 (as amended October 12, 2001), it is the Division's intent to assess multi-state credit unions to cover the costs of their supervision only if such costs become material in amount. The Division will attempt to cooperate with the Home State in accordance with Section 8 of the Cooperative Agreement.
- B. The Division will establish such management reporting systems as are considered necessary to ensure that all responsibilities of the Division, other relevant state regulators, and multi-state credit unions are being met. Such systems will include but not be limited to:

1. Tracking reports that ensure that the Reports of Examination of multi-state credit unions are forwarded to and received from the relevant state regulators.
  2. A listing of multi-state credit unions for which Colorado is a Home or Host state, as defined in the Cooperative Agreement, including address and telephone information for the state regulators with whom Colorado is involved as a Home or Host state.
- C. The Division will notify the appropriate state regulators when the Division becomes aware of a state-chartered credit union from another state that intends to establish or has established a branch in Colorado. Such notification shall include but not be limited to:
1. A statement that Colorado is a Host state to a multi-state credit union and a party to the Cooperative Agreement. Inform the Home state of the policies the Financial Services Board and the Division have adopted to address interstate branching and ask that their multi-state credit unions certify to the Home state, with a copy to the Division, that they will comply with our requirements.
  2. A statement that, due to our desire to conserve limited resources, the Division intends to rely on Home state examinations of the multi-state credit unions and a formal request for copies of all future Reports of Examination for said credit unions pursuant to Section 2.1.1 of the Cooperative Agreement. Also, a request to be provided a schedule of these examinations pursuant to Section 3.3.1 of the Cooperative Agreement.
  3. A statement that the Division desires to receive only complaints against multi-state credit unions from Colorado residents and will handle such complaints pursuant to Section 7.1 of the Cooperative Agreement. However, the Division wishes to be informed of other complaints that may be evidence of systemic concerns that may cause harm to Colorado residents.
  4. A suggestion that the Home state employ the UCCC Questionnaire of our examination report to examine their multi-state credit union for compliance with the UCCC for its Colorado loans. Include a copy of the questionnaire and a reference to the Internet availability of the UCCC laws.
  5. A statement that the Division does not intend to assess fees for the supervision of multi-state credit unions unless its costs are material in amount.

## **V. Implementation of Policy**

The Division recognizes that a small number of multi-state credit unions have established branches in Colorado prior to the creation of the Cooperative Agreement and the policies of the Financial Services Board and the Division. To ensure uniform compliance with these policies and the pertinent Colorado laws and regulations, the Division will contact the state regulators of all of the multi-state credit unions of which the Division is aware and provide them with the notification outlined in Section IV of this policy. However, the Division will

not require the multi-state credit unions of which it is already aware to provide notification of their establishment of a branch in Colorado.