

MEMORANDUM OF UNDERSTANDING

between

BANKING REGULATORS

in the states of

NEW JERSEY, NEW YORK, PENNSYLVANIA



REGIONAL INTERSTATE BRANCHING

The Banking Regulators in the States of **New Jersey, New York, and Pennsylvania** (collectively “the States” or “the Region”) hereby agree to enter this Memorandum of Understanding (“MOU”) to clarify the roles of home and host state regulators regarding interstate branching activity on a regional basis pursuant to the **Riegle-Neal Amendments Act of 1997, Pub. L. 105-24 (1997) (amending 12 U.S.C.A. §1831a(j) (“Riegle-Neal II”))**.

This MOU establishes the regulatory responsibilities of the respective state Banking Regulators regarding examinations and rationalizes and enhances the lines of communication between the states’ Banking Regulators with respect to the resolution of consumer complaints. This MOU will reduce the regulatory burden on state chartered banks branching within the region by eliminating duplicative host state compliance exams, while enhancing the efficiency of the reporting and review of consumer complaints by clarifying the regulator responsible for addressing the complaint.

ARTICLE I. DEFINITIONS

For the purposes of this MOU:

- A. “Bank” shall have the meaning of the term “state bank” in 12 U.S.C.A. §1813(a) (2), except that it shall only include entities meeting that definition that are chartered by a state that is a party to this agreement.
- B. “Branch” means a branch office of a bank.

- C. "Home State" means the state that charters the bank.
- D. "Home State Regulator" means the bank supervisory agency of the Home State of the bank.
- E. "Host State" means a state within the region other than the bank's Home State, in which the bank maintains, or seeks to maintain, a branch.
- F. "Host State Regulator" means the bank supervisory agency of the Host State.
- G. "Interstate Branch" means a branch office of a bank which is established and maintained in a Host State within the region.
- H. "Region" means the States of New Jersey, New York and Pennsylvania.
- I. "State" means any state of the United States, and the District of Columbia, or any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands.

ARTICLE II. EXAMINATIONS

- A. All visitations and examinations of Interstate Branches and the banks operating such branches, shall be conducted by the Home State Regulator, except as provided in Article IV. G below, and except that Host States may conduct or participate in visitations and examinations of Interstate Branches to the same extent that the Host State may conduct or participate in visitations or examinations of a Branch of a national bank that is established and maintained in a Host State within the Region.
- B. The Home State Regulator shall also review compliance with non-preempted Host State laws in the same manner as the Home State Regulator reviews for compliance with such laws for the Banks it charters. Home State Regulators shall follow guidance provided by the Host State to ensure consistent application of non-preempted Host State law. The Home State Regulator shall take appropriate enforcement actions.

ARTICLE III. APPLICABLE LAW

- A. The activities of the Interstate Branch shall be governed by the Branch's Home State law to the same extent that federal law governs the activities of a Branch in the Host State of an out-of-state national bank.

- B. Issues regarding whether a particular Host State law is preempted shall be determined in the first instance by the Home State Regulator. In the event that the Home State Regulator and Host State Regulator disagree regarding whether a particular Host State law is pre-empted, the Home State Regulator and Host State Regulator shall use their reasonable best efforts to consider all points of view and to resolve the disagreement.
- C. Nothing herein shall limit or restrict the ability of a Host State Attorney General to enforce violations of non-preempted Host State law not under the regulatory jurisdiction of the Host State Regulator.

ARTICLE IV. CONSUMER COMPLAINTS

- A. Consumer complaints received by the Host State against an Interstate Branch shall be referred to the Home State for appropriate action.
- B. The Home State Regulator may, at Home State Regulator's discretion, seek the assistance of the Host State Regulator in investigating the consumer complaint, and in such case the Host State Regulator shall cooperate fully.
- C. The Home State shall provide a written notification to the Host State within a reasonable time setting forth the findings and resolution of the complaint. The written report shall include the following:
 - 1. the name of the consumer;
 - 2. the identifying number assigned to the complaint by the Host State;
 - 3. the name of the Bank and location of Branch from which complaint arose;
 - 4. the date the complaint was opened;
 - 5. the date the complaint was closed;
 - 6. the type of complaint (such as loan, credit card, or deposit account) and the specific laws and regulations involved; and
 - 7. the case status, including whether the complaint is under review, pending further information from the Bank, referred to another state or federal agency or withdrawn.
- D. Information obtained by the Host State as a result of the written report referenced above shall be treated as confidential information to the extent permitted by Home State law.

- E. If the Host State Regulator receives a request from a third party for Home State confidential information, the Host State Regulator shall:
1. immediately notify the Home State Regulator and provide to it copies of such request, subpoena, order, or other process as well as attachments thereto;
 2. provide the Home State Regulator the opportunity to take whatever action it deems appropriate to preserve, protect, and maintain the confidentiality of such information or any related privileges;
 3. cooperate fully with the Home State Regulator to preserve, protect, and maintain the confidentiality of such information or any related privileges;
 4. notify the party seeking the information that it was obtained from and is considered the information of the Home State Regulator and that requests for such information must be made directly to the Home State Regulator in accordance with applicable State law;
 5. resist, to the extent practicable, production of such information, pending receipt of written consent from the Home State Regulator to the production of such information; and
 6. consent to the application by the Home State Regulator to intervene in any action to preserve, protect, and maintain the confidentiality of such information or any related privileges.
- F. Nothing in this MOU shall prevent the Host State Regulator from responding to requests made under its State freedom of information or similar law or complying with a legally valid and enforceable order by a court, adjudicatory body, or legislative body, of competent jurisdiction, compelling production of confidential information, provided the Host State:
1. reasonably determines that efforts to quash, appeal, or resist compliance would be unsuccessful;
 2. attempts, to the extent practicable, to secure a protective order to preserve, protect, and maintain the confidentiality of such information or any related privileges; and
 3. notifies the Home State Regulator of its actions prior to production of any confidential information.

- G. If the complaint is not resolved within a reasonable time after referral by the Host State, the Host State may take such action as it deems appropriate following notice to the Home State. The parties agree that 90 days shall be deemed a reasonable time for this purpose but such time may be extended by consent of the Host State.

ARTICLE V. MISCELLANEOUS

- A. Each signatory state regulator represents and warrants that it has all requisite power and authority to enter into and perform this MOU and to the extent consistent with state law, any party acting within the scope of this MOU shall be deemed to be acting within the scope of the signatory state regulator's statutory authority.
- B. In the event of any material change in the power and authority of any signatory state regulator to perform this MOU, such state regulator shall promptly give notice of the change to the other signatory state regulators.
- C. The terms of this MOU shall become effective when a state regulator has executed the original or a counterpart signature page.
- D. This MOU shall be binding and enforceable on the parties to the extent allowed by State law.
- E. As soon as practicable after execution of this MOU, each signatory state regulator shall advise the other state regulators of the name, title, and contact information, including addresses and telephone and fax numbers, for the appropriate official(s) to contact for purposes of notices and exchanges of information hereunder. This contact information shall be updated as appropriate.
- F. Any party to this MOU may propose an amendment at any time, but this MOU may be amended only by a written instrument signed by each of the signatory state regulators.
- G. Any party may withdraw from this MOU at any time by giving written notice of withdrawal and termination to the other signatories. The withdrawal of any party shall terminate the participation of the respective signatory state regulator 2 years after the date of withdrawal unless all of the remaining parties waive the 2 year notice period. In addition, any party may withdraw from this MOU if a material change is made to a material consumer protection law of a State in the Region, or if a party materially breaches this MOU, provided that the party intending to withdraw has notified all parties in writing of the material change or breach, and of its intention to withdraw and that 90 days has passed following delivery of such notice without the material change or breach being cured.

- H. This MOU is not intended to be limited to the original signatories, and other States may sign after the initial execution of this document. An additional State or States may become a party to this MOU by unanimous agreement of all parties to the MOU.
- I. In the absence of State law to the contrary, this MOU shall survive any change in the identity of the executive in charge of any Home or Host State Regulator.
- J. If any provision of this MOU or the application thereof to any person or circumstance is held invalid or illegal, such invalidity or illegality shall not affect other provisions or applications of this MOU which can be given effect without the invalid or illegal provision or application, and to this end, the provisions of this MOU are declared to be severable.