



Ohio Administrative Code

Rule 1301:9-2-32 Credit union service organizations.

Effective: July 8, 2024

(A) A "Credit Union Service Organization" (CUSO) means any entity in which a credit union has an ownership interest or to which a credit union has extended a loan, and that entity is engaged primarily in providing products or services to credit unions or credit union members. A CUSO also includes any entity in which a CUSO has an ownership interest of any amount, if that entity is engaged primarily in providing products or services to credit unions or credit union members.

(B) A credit union may invest in CUSOs in an aggregate amount not exceeding ten per cent of the credit union's net worth, unless otherwise approved by the superintendent prior to making the investment.

(C) A credit union may make loans to CUSOs in an aggregate amount not exceeding ten per cent of the credit union's net worth, which percentage is independent of the ten per cent investment limit, unless otherwise approved by the superintendent prior to making the loan.

(D) A credit union may invest in or loan to a CUSO by itself, with other credit unions, or with non-credit union parties.

(E) A credit union may invest in or loan to a CUSO only if the CUSO is structured as a corporation, limited liability company, or limited partnership. A credit union may participate in a limited partnership only as a limited partner.

(F)

(1) A credit union and a CUSO should be operated in a manner that demonstrates the separate corporate existence of the credit union and the CUSO, including:

(a) The business transactions, accounts, and records of each are not intermingled;



- (b) Each observes the formalities of its separate corporate procedures;
 - (c) Each is adequately financed as a separate unit in the light of normal obligations reasonably foreseeable in a business of its size and character;
 - (d) Each is held out to the public as a separate enterprise;
 - (e) The credit union does not dominate the CUSO to the extent that the CUSO is treated as a department of the credit union; and
 - (f) Unless the credit union has guaranteed a loan obtained by the CUSO, all borrowings by the CUSO indicate that the credit union is not liable.
- (2) A credit union making an investment in or loan to a CUSO shall, prior to making the investment or loan, obtain written legal advice from independent legal counsel as to whether the CUSO is established in a manner that will limit the credit union's potential exposure to no more than the loss of funds invested in or loaned to the CUSO.
- (G) A credit union may invest in or lend to a CUSO only if the CUSO primarily serves credit unions, its membership, or the membership of credit unions contracting with the CUSO.
- (H) The superintendent preapproves CUSOs to participate in the following activities or services:
- (1) Checking and currency services: check cashing; coin and currency services; money order, savings bonds, travelers checks, and purchase and sale of U.S. Mint commemorative coins services; and stored value products;
 - (2) Clerical, professional and management services: accounting services; courier services; credit analysis; facsimile transmissions and copying services; internal audits for credit unions; locator services; management and personnel training and support; marketing services; research services; supervisory committee audits; and employee leasing services.
 - (3) Electronic transaction services: automated teller machine (ATM) services; credit card and debit



card services; data processing; electronic fund transfer (EFT) services; electronic income tax filing; payment item processing; wire transfer services; and cyber financial services.

(4) Financial counseling services: developing and administering Individual Retirement Accounts (IRA), Keogh, deferred compensation, and other personnel benefit plans; estate planning; financial planning and counseling; income tax preparation; investment counseling; retirement counseling; and business counseling and consultant services.

(5) Fixed asset services: management, development, sale, or lease of fixed assets; and sale, lease, or servicing of computer hardware or software.

(6) Insurance brokerage or agency: agency for sale of insurance; provision of vehicle warranty programs; provision of group purchasing programs; and real estate settlement services.

(7) Leasing: personal property; and real estate leasing of excess CUSO property.

(8) Loan support services: debt collection services; loan processing, servicing, and sales; sale of repossessed collateral; real estate settlement services; purchase and servicing of non-performing loans; and referral and processing of loan applications for members whose loan applications have been denied by the credit union.

(9) Record retention, security and disaster recovery services: alarm-monitoring and other security services; disaster recovery services; microfilm, microfiche, optical and electronic imaging, CD-ROM data storage and retrieval services; provision of forms and supplies; and record retention and storage.

(10) Securities brokerage services.

(11) Shared credit union branch (service center) operations.

(12) Trust and trust-related services: acting as administrator for prepaid legal service plans; acting as trustee, guardian, conservator, estate administrator, or in any other fiduciary capacity; and trust services.



(13) Real estate brokerage services.

(14) Payroll processing services.

(15) Loan origination, including originating, purchasing, selling, and holding any type of loan permissible for credit unions to originate, purchase, sell, and hold, including the authority to purchase and sell participation interests that are permissible for credit unions to purchase and sell.

(I) In connection with providing a permissible service, a CUSO may invest in a non-CUSO service provider. The amount of the CUSO's investment is limited to the amount necessary to participate in the service provider, or a greater amount if necessary to receive a reduced price for goods or services.

(J) The provisions in 12 CFR 712.8, effective as of January 16, 2024, regarding transaction and compensation limits, apply to credit unions to the same extent as if such a credit union were a federal credit union, or FCU.

(K) A credit union must account for its investments in or loans to a CUSO in conformity with GAAP.

(L) A credit union must obtain a written agreement from a CUSO, prior to investing in or lending to the CUSO, that the CUSO will:

(1) Follow GAAP;

(2) Render financial statements (balance sheet and income statement) at least quarterly and obtain an annual audit of the financial statement by a public accountant or certified public accountant licensed to do business in this state and provide copies of such to the affiliated credit union;

(3) Provide the superintendent or the superintendent's representatives with complete access to any books and records of the CUSO, as deemed necessary in order to carry out the superintendent's responsibilities.



(M) CUSOs are not permitted to acquire control of, either directly or indirectly, another depository financial institution, nor invest in shares, stocks, or obligations of an insurance company, trade association, liquidity facility or similar organization, corporation, or association.

(N) The superintendent may expand the activities or services a CUSO can offer beyond those listed in paragraph (H) of this rule. Any such request shall be filed with the superintendent prior to the credit union investing in or loaning to the CUSO and shall include an explanation of the activity or services and how that activity or service relates to the daily operation of the credit union, is incidental to the operation of the credit union, or is being offered as a benefit to the members of the credit union. The superintendent shall notify the credit union not more than fifteen business days after the filing of the request for expansion of services or policy whether it is denied, approved, or requires modification. If the superintendent does not respond within fifteen business days after the filing of the request or policy, it shall be deemed approved; unless, the superintendent notifies the credit union in writing within fifteen business days of the credit union's request being filed that additional documentation or information is being requested. If additional documentation is requested, the credit union has thirty days to file the additional documentation with the superintendent. If the superintendent does not respond within fifteen business days of receipt of the additional documentation, the request or policy shall be deemed approved.

(O) Except as otherwise provided in paragraphs (B), (C), and (N) of this rule, approval by the superintendent is not required for a credit union to invest in or loan to a CUSO.

(P) CUSOs are subject to the reporting requirements set forth in 12 CFR 712.3(d)(4), effective as of January 16, 2024, and shall report to the superintendent in the same manner as would be reported to the National Credit Union Administration.

(Q) CUSOs are expected to comply with applicable Federal, state, and local laws and be sufficiently bonded and insured for their specific operations. The superintendent may at any time, based upon supervisory, legal, or safety and soundness reasons limit any CUSO activities or services, or refuse to permit any CUSO activities or services.