

The Federal Home Loan Bank Board (FHLBB) is responsible for the regulation, examination and supervision of all Federal savings banks, regardless of the source of Federal insurance of deposits. This responsibility includes the determination of insolvency and the application and administration of all supervisory enforcement matters.

The Federal Deposit Insurance Corporation (FDIC) is responsible by law for administration of the fund which insures the deposits of some Federal savings banks. This responsibility includes the assessment of threats to that fund and whether such insurance should be terminated.

The agencies are agreed on the desirability and necessity of a high level of coordination, communication and cooperation in carrying out their complementary responsibilities. In furtherance of this, the agencies have agreed upon the following cooperative program for examination and supervision, to become effective July 1, 1984.

#### Cooperative Examination Program

1. The agencies intend that both be fully informed and advised of any and all supervisory and examination activities involving FDIC-insured, Federal savings banks. Therefore, a copy of all pertinent reports, letters, memorandums or other documents related to all examination and supervisory activities involving such savings banks prepared by one agency shall be provided to the other and all such reports, etc. (including examination work papers) shall be and are available for inspection and use by appropriate representatives of both agencies.
2. The FHLBB hereby invites the participation of the FDIC in the examination of all FDIC-insured Federal savings banks. Such examinations will be scheduled by the appropriate FHLBB District Director on the basis of priorities and criteria as may be from time to time prescribed by the FHLBB's Office of Examinations and Supervision (OES). The District Director will provide the appropriate FDIC Regional Director with at least 60 days advance notice of scheduling projections for the examination of such banks. At least 30 days in advance, the Regional Director will inform the District Director whether there will be FDIC participation and, if so, the extent thereof.

Participation by the FDIC will be on a concurrent examination basis with each agency preparing its own Report of Examination. In lieu of direct participation, the FDIC may request that the FHLBB's examiners obtain, for FDIC's use, specified information or data.

3. Examination procedures on concurrent examinations will be those of the respective agencies. Classification of loans and other assets will conform to the methodology prescribed by each agency. In all cases, applicable rules and regulations promulgated by the FHLBB will be the basis for determining the extent of regulatory compliance.

4. The scope of the examination will be determined by the FHLBB and FDIC examiners-in-charge, jointly.

5. The representatives of either agency may participate fully in management discussions and exit reviews.

FDIC examination results, including the composite rating, will be presented to the bank's Board of Directors/Trustees or a Committee thereof when deemed appropriate.

Each agency will give notice of its intent to hold such a meeting 3 business days in advance of the meeting being scheduled.

6. The FHLBB prepared report of examination will be provided to the savings bank. The FDIC will generate a separate report for its internal purposes, which may be transmitted to the bank's Board of Trustees/Directors.

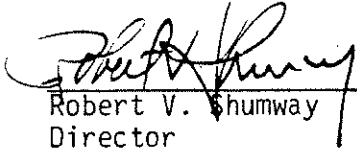
7. Except as reserved by statute (enforcement action under section 8(a) of the FDI Act) or contract (Assistance under Section 13 of the FDI Act), all supervisory actions will be initiated by and through the FHLBB's Supervisory Agent. Such Supervisory Agent will convey to the board of directors of any FDIC-insured Federal savings bank any comments, recommendations or requests of the FDIC. The FDIC will be invited to attend all district and Washington meetings involving such savings banks, and will be given advance notice of and an opportunity to comment on all proposals for any formal enforcement proceedings. In those cases reserved to the FDIC to take appropriate action, the FHLBB will be invited to attend all Regional and Washington meetings involving such savings banks, and will be given advance notice of and an opportunity to comment on all proposals for any formal enforcement proceedings.

8. Either agency, at any time, may schedule and make a special examination of an FDIC-insured Federal savings bank. To the extent possible, the other agency will be given at least 10 days advance notice of intent to commence a special examination and the reason(s) therefore.

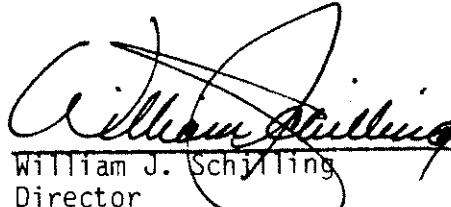
9. Each agency agrees to coordinate concurrent examinations of affiliated financial institutions as may be requested by the other agency, regardless of insurer.

Terms of this agreement will also apply to the examination of the affairs of all non-bank affiliates, if any, of the Federal savings bank or savings and loan association under examination as shall be necessary to disclose fully the relationship between the Federal savings bank and its affiliates and the effect of such relationship upon the Federal savings bank.

It is the intent of both agencies that there be close cooperation between the FHLBB and the FDIC so that each will fulfill its responsibilities under the law. This memorandum of understanding is to be viewed as the framework for further development of mutually-satisfactory working relationships at the district or regional level.



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