

## ADVANTAGES OF A STATE CHARTER

While this list is not all inclusive, it should provide a general understanding of some of the advantages associated with being a state-chartered credit union in the State of Louisiana.

- Maximum Interest Rates – Federal credit unions are limited to the maximum interest rate on loans established in the NCUA Rules and Regulations (NCUA Board can approve 18-month exception, which is currently 18 percent through March 10, 2023). Louisiana state-chartered credit unions are able to establish maximum interest rates, which could exceed NCUA limitations, in their bylaws, as approved by the Commissioner.
- Compensation – In 2021, the State Legislature approved a change to LA Credit Union Law to allow a State-chartered credit union to reasonably compensate an officer, director, or committee member (not just one officer as previously allowed) under certain circumstances, when provided for in the bylaws.
- Accessibility/Expedient Treatment – OFI personnel are very accessible. This promotes better communication and allows a credit union official to talk directly to a decision maker. We consider and respond to requests in a timely and efficient manner.
- Local Supervision – OFI examiners live in the area in which they work. They know the people and understand their concerns. As a result, they are familiar with the issues affecting their local communities.
- Outreach – OFI personnel participate in various LCUL meetings and functions around the state where credit union officials can engage in meaningful dialogue with top OFI officials
- Residential Group Common Bonds and Associational Groups – Louisiana state-chartered credit unions may add associational groups to their fields of membership and establish residential group common bonds of individuals that live, work, or worship within a well-defined neighborhood, small community, or rural district. State-chartered credit unions are allowed geographic expansion authority; may retain their existing field of membership; and continue to add other Select Employee Groups (SEGs).
- State Parity Statute – Louisiana has a broad parity statute. LSA-R.S. 6:644 (A) states: *Every credit union incorporated pursuant to or operating under the provisions of this Chapter shall have all the powers enumerated, authorized, and permitted by this Chapter and such other rights, privileges, and powers as may be incidental to or reasonably necessary or appropriate for the accomplishment of the objects and purposes of the credit union; to enter into such contracts, incur such obligations, and generally do anything necessary or appropriate to take advantage of all membership loans, subscriptions, contracts, grants, rights, or privileges whatsoever which at any time may be available or inure to credit unions by virtue of any act or resolution of the Congress of the United States, particularly any act of Congress creating a federal credit union system, and regulations issued pursuant thereto.*
- State Governance – Louisiana state-chartered credit unions are regulated according to state laws, rules, and regulations. Like other states, Louisiana laws are structured to meet the unique needs of the citizens of the state. Federal laws, by their nature, must apply to credit unions from many various regions and many different circumstances. Statutes affecting Louisiana state-chartered credit unions are enacted by the state legislature, which is more sensitive to local needs and conditions than the U.S. Congress. Through contacts with the state legislature and the Governor, state credit union officials have considerably more opportunity to affect credit union policy at the state level than at the federal level.
- Multi-State Operations – State-chartered credit unions in Louisiana have the authority to operate on a multi-state basis. This allows for consistency of operations. As "home state" regulator, OFI is the single point of contact for all information on credit union issues such as branching, examination issues, governing laws, etc. LSA-R.S. 6:667.1 states:
  - A. *Unless federal laws or regulations provide otherwise, federal credit unions and federally insured credit unions and the members thereof shall possess all of the rights, powers, privileges, benefits, immunities, and exemptions that are now provided or hereafter may be provided by the laws of this state and for the members thereof. This provision is additional and supplemental to any provision which by specific reference is applicable to federal credit unions and the members thereof.*
  - B. *Credit unions organized under the laws of this state and the members thereof shall possess all of the rights, powers, privileges, benefits, immunities, and exemptions that are now granted or hereafter may be granted by this state, its agencies and subdivisions, by virtue of federal law, including the Federal Credit Union Act as amended, [FNI] to federal credit unions and the members thereof.*
  - C. *Credit unions organized under the laws of another state and the members thereof, shall possess all of the rights, powers, privileges, benefits, and immunities and exemptions that are provided by the laws of this state for credit unions organized under this Chapter and for the members thereof; provided credit unions organized in this state are granted the same rights, powers, privileges, benefits and immunities and exemptions that are provided the credit unions of that state.*

- Experience/Training – Main office personnel have many years of experience and work hard to help and assist credit union officials. OFI field examiners attend many NCUA schools, as well as various workshops and seminars sponsored by the National Association of State Credit Union Supervisors (NASCUS).
- Statewide Offices – In addition to the main office in Baton Rouge, OFI has six field offices located in key areas across the State. The locations are: Alexandria, Baton Rouge, Lafayette, Monroe, New Orleans, and Shreveport. Personnel in all OFI offices are always available to answer questions and discuss issues.
- Cooperative Agreements – OFI has entered into agreements with other states to share examination reports and other information concerning a branch operating in their state.
- Joint Examination Process – In order to reduce the burden on state-chartered credit unions, OFI has entered into an agreement with the NCUA to perform joint examinations, whereby each agency supplies examiners as part of the examination team, and a single examination report is issued.
- NASCUS Affiliation – OFI is an active member of the National Association of State Credit Union Supervisors (NASCUS), which is a nationally-recognized organization comprised of state credit union supervisors and state credit unions. NASCUS is dedicated to the protection and enhancement of the dual chartering system and state credit union industry. This organization provides timely information and offers a wide range of services to its members nationwide. For more information regarding the organization, please refer to the following link: <http://www.nascus.org/>
- Accreditation – OFI is accredited by NASCUS, the national accrediting agency for state credit union departments. Attesting to the department's ability to meet rigid examination and operational requirements, OFI was originally accredited by NASCUS in 1995 and was awarded its fourth five-year reaccreditation in 2015.
- Training – OFI personnel are available to credit unions and trade associations who are in need of

technical assistance in areas where our personnel have extensive knowledge and training. This interaction between examiners and industry representatives provides valuable insight to both OFI and the industry.

- [www.ofi.la.gov](http://www.ofi.la.gov) – OFI maintains a Web site for the benefit of the institutions it regulates. The site contains a variety of information including reports and various contact information. Helpful links to the Web sites of the NCUA and NASCUS are also provided.

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**Last Updated: November 3, 2021**

# Advantages of a State Charter Credit Union



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