

CUSO COLLABORATION

GENERAL STATEMENT:

The purpose of this policy is to identify steps and considerations for collaborating with others through the CUSO.

PROCEDURES:

Because CUSOs are credit union centric, TFCU will look to CUSOs for any new vendor relationships or strategic partnerships. Below are some considerations for both new and existing partnerships:

A. Considerations in Determining CUSO Collaboration Opportunities

1. In selecting CUSO Partners, TFCU shall consider the following factors:
 - a. Does the CUSO Partner have goals compatible with TFCU and/or Tucson Federal Resource Alliance goals?
 - b. Does the CUSO Partner have a compatible risk tolerance for the business risks associated with a collaboration?
 - c. Does the CUSO Partner have successful experiences with other collaborations?
 - d. Does TFCU staff and board have a good relationship with and trust in the CUSO Partner's staff and board?
 - e. Does the CUSO Partner have the financial ability to meet its commitments of the collaboration?
 - f. Does the CUSO Partner have the full support of its board and staff to meet its commitments?
 - g. Can the CUSO Partner make timely decisions?
 - h. Do you trust the CUSO Partner to meet its commitments in a timely manner?
 - i. Does the CUSO Partner have an entrepreneurial culture?
 - j. Is the CUSO Partner open to new solutions to achieve its goals?
2. If there are preferences regarding the geographic location, size, or other characteristics for a CUSO Partner in a particular collaboration, these should be identified.
3. When co-investing with others in CUSOs, TFCU shall establish specific mutually agreed goals for the collaboration.

4. If a new CUSO must be established, the CUSO should be structured in a manner consistent with its goals which include attention to ownership, profit and loss and management issues. Unless there are compelling interests to justify a variance (and there often can be), the agreements should have the following characteristics:
 - a. TFCU shall have management control over the CUSO at least commensurate with its relative cash or in-kind capital contribution.
 - b. Profit and loss should be shared commensurate with the Credit Union's relative capital contribution and/or patronage component (percentage of business brought to the CUSO).
 - c. Tax issues and flexibility of structure should be considered in selecting the type of CUSO entity.
 - d. All credit union and CUSO Partners shall be users of the services of the collaboration.
 - e. There should be clear procedures for CUSO Partners desiring to enter or exit the CUSO.
 - f. There shall be procedures for CUSO Partners to be compelled to leave the collaboration if they are not fully supporting the efforts of the collaboration.

B. Identifying Potential New Vendor CUSOs

1. The TFCU CUSO Relationship Manager will identify potential CUSO partner vendors through the NACUSO CUSO Directory, personal contacts, referrals from other credit unions, etc.
2. Manager responsible for vendor will contact each potential CUSO partner vendor, sharing any RFPs, etc.

C. Managing

Refer to the CUSO Administration Procedure for specific activities related to this policy.