

Banking Operations & FinTech Update

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NCUA & STATE REGULATORS LAUNCH ALTERNATING EXAM PILOT PROGRAM

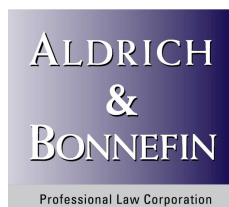
On January 1, 2019, the NCUA along with six state regulators launched an alternating examination pilot program (Pilot Program) for federally insured, state-chartered credit unions. The California Department of Business Oversight is one of six state regulators participating in the Pilot Program. The other states are Florida, New Hampshire, Oklahoma, South Carolina and Texas.

The Pilot Program will evaluate three alternating examination approaches:

- Alternating lead, in which the NCUA and state regulators will conduct joint examinations alternating which agency serves as lead each cycle;
- Alternating with limited participation, where the NCUA and state regulators will alternate conducting examinations with some involvement from other agencies; and

- Alternating, whereby the NCUA and state regulators alternate conducting examinations independently.

The Pilot Program will run for approximately three years. Ultimately, the NCUA and state regulators anticipate the Pilot Program will help them determine whether alternating examinations improve coordination, make the best use of resources and improve consistency and communication between the NCUA and the state agency. Additional information regarding the Pilot Program, in the form of questions and answers, is available on the NCUA's website. The Q&As, entitled "Alternating Examination Pilot Program Questions and Answers," are available at <https://www.ncua.gov/files/press-releases-news/alternating-exam-program-faqs.pdf>.



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