

Examination Fairness and Frequency

Examinations should be based on the laws Congress enacts and the regulations that NCUA promulgates, not on an examiner's interpretation of best practice or guidance. The appeals process for examination disputes should be fair and independent.

Twenty-eight percent of credit unions reported dissatisfaction with their most recent exam. Excessive use of documents of resolution, applying "guidance" or "best practice" as if it were regulation, and examiners taking action to "cover" themselves stand out as the items that regularly receive the most negative ratings. We strongly support a fairer examination process that does not undermine the ability of credit unions to make business decisions and to operate in the best interest of their members.

We also believe that through the implementation of new technology, examination frequency should be reduced for credit unions. Currently, credit unions are subject to a twelve month examination cycle; we believe the frequency could be reduced to 18 months or even longer.



Support H.R. 1941/S.774, the "Financial Institutions Examination Fairness and Reform Act," which will create an independent ombudsman to whom credit unions and banks could raise concerns about their exams, and create an independent appeals process under which they could dispute determinations made in their exams.



NCUA should modernize its examination process to reduce the frequency of exams on well capitalized and well managed credit unions.