DCU BULLETIN

Division of Credit Unions
Washington State Department of Financial Institutions
Phone: (360) 902-8701

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New Large Credit Union Examination Cycle for Assets Between $1B and $15B

Division of Credit Unions (DCU) and National Credit Union Administration (NCUA) Large Credit Union Examination Cycle Changes

Historically, Credit Unions with assets between $1 billion and $15 billion (Large Credit Unions) have been on a 12-month examination cycle by DCU and the NCUA.

DCU will amend its large credit union examination cycle to be consistent with the NCUA exam cycle. In May 2025, NCUA issued a notice stating that it will now use an extended examination cycle for Large Credit Unions, with assets of $1 billion to $15 billion, as long as the prior CAMELS rating was 1 and 2, and there have been no CEO change since the last examination. The updated examination cycle guidelines allow for Large Credit Unions, which meet certain criteria, to be eligible for an examination cycle up to 20 months.

RCW 31.12.545 (1) allows for examination cycles of 18 months regardless of asset size. The RCW states:

> *"The director shall make an examination and investigation into the affairs of each credit union at least once every eighteen months, unless the director determines with respect to a credit union, that a less frequent examination schedule will satisfactorily protect the financial stability of the credit union and will satisfactorily assure compliance with the provisions of this chapter."*

After evaluating the criteria and discussing with NCUA, DCU plans to implement the new NCUA Large Credit Union examination guidelines and allow for up to an 18-month examination cycle when appropriate and with some modifications. Examination cycles will not change for credit unions with assets under $1 billion, which currently are on a 14–18-month exam cycle.

DCU Exception to New NCUA Criteria for Large Credit Union Examination Cycles

Criteria for Large Credit Union examinations have one exception:

> Large Credit Unions, which engage in Cannabis Banking, will continue a 12-month examination cycle because of elevated risks. The NCUA will join DCU on this examination cycle.

Enhanced Offsite Supervision of Large Credit Unions

Currently, Credit Unions of all asset sizes upload documents to the Box prior to examinations. This will change with the Large Credit Union extended exam cycle to allow for remote monitoring of their operations by the assigned caseload examiners.

Large Credit Unions with examination cycles greater than 12 months will have the following changes to their offsite supervision to mitigate increased risks associated with less frequent full-scope exams:

The Credit Union will upload monthly documents to include Board and Supervisory committee minutes and financial statements for review by the caseload examiner. These documents will include, at a minimum, minutes for the following:

- Board of Directors
- Supervisory Committee
- Asset Liability Committee
- Information Security Committee
- Income Statement and Balance Sheet

If DCU notes significant increased risk during enhanced offsite monitoring, or if there is a CEO change, DCU may do a targeted exam between the last full-scope examination and the anticipated date of the next examination

Implementation of a DCU Large Credit Union Subject Matter Expert (SME) focused on issues, regulations, and requirements facing Large Credit Unions.

Case-by-Case Adjustments to Large Credit Union Examination Cycles

DCU may adjust the examination cycle for Large Credit Unions placed on an examination cycle of greater than 12-months on a case-by-case basis. Examples include:

- Mergers and acquisitions
- Waiver applications
- Whistleblower Investigations

Effective Date and Next Steps

The extended examination cycle for Large Credit Unions will begin on January 1, 2026. In preparation for the extended examination cycle, DCU will complete the following steps:

1. **By October 31, 2025**
   DCU and the NCUA will determine which credit unions, based on the *New NCUA Criteria for Large Credit Union Examination Cycles* and *DCU Additions to New NCUA Criteria for Large Credit Union Examination Cycles* are eligible for an 18-month examination cycle.

   DCU and the NCUA will collaborate to determine the anticipated 2026 – 2028 date range for the eligible Credit Union's next examination based on their previous examination date and the 18-month examination cycle timeframe.

2. **By November 15, 2025**
   The Credit Union caseload examiner will contact the eligible Credit Unions of their new examination cycle and the anticipated date range for the next full-scope safety and soundness examination.

3. **By November 30, 2025**
   DCU will have a dedicated Large Credit Union SME who will conduct examinations at the affected institutions.

If you have any questions about this bulletin or would like more information, please contact the Division of Credit Unions DCU@dfi.wa.gov, or (360) 902-8701.