

119TH CONGRESS
2D SESSION

H. R. 4437

AN ACT

To reduce the regulatory burden on certain well managed
and well capitalized financial institutions, and for other
purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Supervisory Modifica-
3 tions for Appropriate Risk-based Testing Act of 2025” or
4 the “SMART Act of 2025”.

5 **SEC. 2. EXAMINATION RELIEF FOR CERTAIN WELL MAN-**
6 **AGED AND WELL CAPITALIZED FINANCIAL IN-**
7 **STITUTIONS.**

8 (a) INSURED DEPOSITORY INSTITUTIONS.—Section
9 10(d) of the Federal Deposit Insurance Act (12 U.S.C.
10 1820(d)) is amended by adding at the end the following:

11 “(11) EXAMINATION RELIEF FOR CERTAIN
12 WELL MANAGED AND WELL CAPITALIZED INSURED
13 DEPOSITORY INSTITUTIONS.—

14 “(A) IN GENERAL.—The following shall
15 apply to a well managed and well capitalized in-
16 sured depository institution with
17 \$6,000,000,000 or less in consolidated assets:

18 “(i) ALTERNATING LIMITED-SCOPE
19 EXAMINATIONS.—After an insured deposi-
20 tory institution receives a full-scope, on-
21 site examination from the appropriate Fed-
22 eral banking agency, the next examination
23 of the insured depository institution by the
24 appropriate Federal banking agency shall
25 be a limited-scope examination, as deter-

1 mined by the appropriate Federal banking
2 agency.

3 “(ii) COMBINED EXAMINATIONS.—If
4 an insured depository institution is other-
5 wise subject to separate safety and sound-
6 ness examinations, consumer compliance
7 examinations, and information technology
8 and cybersecurity examinations, the appro-
9 priate Federal banking agency shall, upon
10 request of the insured depository institu-
11 tion, combine two or three such examina-
12 tions, as specified by the insured deposi-
13 tory institution, and carry them out at the
14 same time.

15 “(B) EXCEPTION.—Subparagraph (A)
16 shall not apply to an insured depository institu-
17 tion if—

18 “(i) the insured depository institution
19 is currently subject to a formal enforce-
20 ment proceeding or order by the Corpora-
21 tion or the appropriate Federal banking
22 agency; or

23 “(ii) a person acquired control of the
24 insured depository institution since the
25 most recent full-scope, on-site examination

1 of the insured depository institution from
2 the appropriate Federal banking agency.

3 “(C) RULEMAKING.—Not later than 12
4 months after the date of enactment of this
5 paragraph, the Federal banking agencies shall
6 issue rules to carry out subparagraph (A), in-
7 cluding, with respect to an insured depository
8 institution described under subparagraph (A),
9 to—

10 “(i) establish procedures for the lim-
11 ited-scope examinations described in sub-
12 paragraph (A)(i);

13 “(ii) establish procedures for review-
14 ing insured depository institutions that—

15 “(I) experience material changes
16 in financial condition or operational
17 risk profile between scheduled exami-
18 nations; or

19 “(II) have failed to comply with
20 Federal or State banking laws and
21 regulations; and

22 “(iii) balance the goals of streamlining
23 the examination cycle for individual in-
24 sured depository institutions and reducing
25 unnecessary regulatory burdens while

1 maintaining sufficient oversight to ensure
2 the continued safety and soundness of the
3 insured depository institutions and compli-
4 ance with all applicable laws and regula-
5 tions.

6 “(D) RULE OF CONSTRUCTION.—Nothing
7 in this paragraph may be construed to limit the
8 authority of a Federal banking agency to con-
9 duct off-site monitoring, targeted reviews, or
10 additional full-scope, on-site examinations of an
11 insured depository institution if the Federal
12 banking agency determines such monitoring, re-
13 views, or examinations are necessary to ensure
14 safety and soundness or compliance with appli-
15 cable laws.

16 “(E) DEFINITIONS.—In this paragraph:

17 “(i) CONSUMER COMPLIANCE EXAM-
18 INATION.—The term ‘consumer compliance
19 examination’ means an examination to as-
20 sess compliance with the requirements of
21 Federal consumer financial law (as such
22 term is defined in section 1002 of the Con-
23 sumer Financial Protection Act of 2010).

1 “(ii) WELL CAPITALIZED.—The term
2 ‘well capitalized’ has the meaning given
3 that term in section 38(b).

4 “(iii) WELL MANAGED.—With respect
5 to an insured depository institution, the
6 term ‘well managed’ means that, when the
7 institution was most recently examined by
8 the appropriate Federal banking agency,
9 the institution was found to be well man-
10 aged, and the institution’s composite condi-
11 tion was found to be satisfactory or out-
12 standing.”.

13 (b) INSURED CREDIT UNIONS.—Section 204 of the
14 Federal Credit Union Act (12 U.S.C. 1784) is amended
15 by adding at the end the following:

16 “(h) EXAMINATION RELIEF FOR CERTAIN WELL
17 MANAGED AND WELL CAPITALIZED INSURED CREDIT
18 UNIONS.—

19 “(1) IN GENERAL.—The following shall apply to
20 a well managed and well capitalized insured credit
21 union with \$6,000,000,000 or less in consolidated
22 assets:

23 “(A) ALTERNATING LIMITED-SCOPE EX-
24 AMINATIONS.—After an insured credit union re-
25 ceives a full-scope, on-site examination from the

1 National Credit Union Administration, the next
2 examination of the insured credit union by the
3 National Credit Union Administration shall be
4 a limited-scope examination, as determined by
5 the National Credit Union Administration.

6 “(B) COMBINED EXAMINATIONS.—If an
7 insured credit union is otherwise subject to sep-
8 arate safety and soundness examinations, con-
9 sumer compliance examinations, and informa-
10 tion technology and cybersecurity examinations,
11 the National Credit Union Administration shall,
12 upon request of the insured credit union, com-
13 bine two or three such examinations, as speci-
14 fied by the insured credit union, and carry them
15 out at the same time.

16 “(2) EXCEPTION.—Paragraph (1) shall not
17 apply to an insured credit union if the insured credit
18 union is currently subject to a formal enforcement
19 proceeding or order by the National Credit Union
20 Administration.

21 “(3) RULEMAKING.—Not later than 12 months
22 after the date of enactment of this subsection, the
23 National Credit Union Administration shall issue
24 rules to carry out paragraph (1), including, with re-

1 spect to an insured credit union described under
2 paragraph (1), to—

3 “(A) establish procedures for the limited-
4 scope examinations described in paragraph
5 (1)(A);

6 “(B) establish procedures for reviewing in-
7 sured credit unions that—

8 “(i) experience material changes in fi-
9 nancial condition or operational risk profile
10 between scheduled examinations; or

11 “(ii) have failed to comply with Fed-
12 eral or State banking laws and regulations;
13 and

14 “(C) balance the goals of streamlining the
15 examination cycle for individual insured credit
16 unions and reducing unnecessary regulatory
17 burdens while maintaining sufficient oversight
18 to ensure the continued safety and soundness of
19 the insured credit unions and compliance with
20 all applicable laws and regulations.

21 “(4) RULE OF CONSTRUCTION.—Nothing in
22 this subsection may be construed to limit the author-
23 ity of the National Credit Union Administration to
24 conduct off-site monitoring, targeted reviews, or ad-
25 ditional full-scope, on-site examinations of an in-

1 sured credit union if the National Credit Union Ad-
2 ministration determines such monitoring, reviews, or
3 examinations are necessary to ensure safety and
4 soundness or compliance with applicable laws.

5 “(5) DEFINITIONS.—In this paragraph:

6 “(A) CONSUMER COMPLIANCE EXAMINA-
7 TION.—The term ‘consumer compliance exam-
8 ination’ means an examination to assess compli-
9 ance with the requirements of Federal con-
10 sumer financial law (as such term is defined in
11 section 1002 of the Consumer Financial Protec-
12 tion Act of 2010).

13 “(B) WELL CAPITALIZED.—The term ‘well
14 capitalized’ has the meaning given that term in
15 section 216(c).

16 “(C) WELL MANAGED.—With respect to
17 an insured credit union, the term ‘well man-
18 aged’ means that, when the credit union was
19 most recently examined by the National Credit
20 Union Administration, the credit union was
21 found to be well managed, and the credit
22 union’s composite condition was found to be
23 satisfactory or outstanding.”.

1 **SEC. 3. EXAMINATION PRACTICES.**

2 (a) INSURED DEPOSITORY INSTITUTIONS.—Section
3 10(d) of the Federal Deposit Insurance Act (12 U.S.C.
4 1820(d)), as amended by section 2(a), is further amended
5 by adding at the end the following:

6 “(12) EXAMINATION PRACTICES.—With respect
7 to on-site examination of an insured depository insti-
8 tution with less than \$6,000,000,000 in total assets,
9 the appropriate Federal banking agency shall—

10 “(A) ensure the examination is led by, to
11 the maximum extent practicable, an examiner
12 with significant experience as an examiner;

13 “(B) make every effort, to the maximum
14 extent practicable, to minimize the number of
15 examiners utilized and the amount of time
16 spent at the institution to carry out the exam-
17 ination;

18 “(C) make every effort, to the maximum
19 extent practicable, to schedule the examination
20 at a time that is convenient for the institution;
21 and

22 “(D) to the maximum extent practicable,
23 give the institution advance notice of issues ex-
24 pected to be covered in the examination.

25 “(13) REPORT.—In its annual report to Con-
26 gress, each Federal banking agency shall include—

1 “(A) information on how the agency is
2 complying with paragraphs (11) and (12); and

3 “(B) aggregate data summarizing the
4 agency’s examination practices with respect to
5 insured depository institutions with less than
6 \$6,000,000,000 in total assets, including—

7 “(i) the average experience of exam-
8 iners, including the average number of
9 years of examiner experience of those who
10 lead on-site examinations;

11 “(ii) the average number of examiners
12 utilized; and

13 “(iii) the average amount of time the
14 agency spends visiting such institutions for
15 on-site examinations.”.

16 (b) INSURED CREDIT UNIONS.—Section 204 of the
17 Federal Credit Union Act (12 U.S.C. 1784), as amended
18 by section 2(b), is further amended by adding at the end
19 the following:

20 “(i) EXAMINATION PRACTICES.—With respect to on-
21 site examination of an insured credit union with less than
22 \$6,000,000,000 in total assets, the National Credit Union
23 Administration shall—

1 “(1) ensure the examination is led by, to the
2 maximum extent practicable, an examiner with sig-
3 nificant experience as an examiner;

4 “(2) make every effort, to the maximum extent
5 practicable, to minimize the number of examiners
6 utilized and the amount of time spent at the credit
7 union to carry out the examination;

8 “(3) make every effort, to the maximum extent
9 practicable, to schedule the examination at a time
10 that is convenient for the credit union; and

11 “(4) to the maximum extent practicable, give
12 the credit union advance notice of issues expected to
13 be covered in the examination.

14 “(j) REPORT.—In its annual report to Congress, the
15 National Credit Union Administration shall include—

16 “(1) information on how the Administration is
17 complying with subsections (h) and (i); and

18 “(2) aggregate data summarizing the Adminis-
19 tration’s examination practices with respect to in-
20 sured credit unions with less than \$6,000,000,000 in
21 total assets, including—

22 “(A) the average experience of examiners,
23 including the average number of years of exam-
24 iner experience of those who lead on-site exami-
25 nations;

1 “(B) the average number of examiners uti-
2 lized; and
3 “(C) the average amount of time the Ad-
4 ministration spends visiting such credit unions
5 for on-site examinations.”.

Passed the House of Representatives May 12, 2026.

Attest:

Clerk.

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