

119TH CONGRESS
1ST SESSION

H. R. 4437

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

IN THE HOUSE OF REPRESENTATIVES

JULY 16, 2025

Mr. TIMMONS (for himself and Mr. FOSTER) introduced the following bill;
which was referred to the Committee on Financial Services

A BILL

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,*

3 **SECTION 1. SHORT TITLE.**

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

1 **SEC. 2. EXAMINATION RELIEF FOR CERTAIN WELL MAN-**
2 **AGED AND WELL CAPITALIZED FINANCIAL IN-**
3 **STITUTIONS.**

4 (a) INSURED DEPOSITORY INSTITUTIONS.—Section
5 10(d) of the Federal Deposit Insurance Act (12 U.S.C.
6 1820(d)) is amended by adding at the end the following:

7 “(11) EXAMINATION RELIEF FOR CERTAIN
8 WELL MANAGED AND WELL CAPITALIZED INSURED
9 DEPOSITORY INSTITUTIONS.—

10 “(A) IN GENERAL.—The following shall
11 apply to a well managed and well capitalized in-
12 sured depository institution with
13 \$6,000,000,000 or less in consolidated assets:

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

24 “(ii) COMBINED EXAMINATIONS.—If
25 an insured depository institution is other-
26 wise subject to separate safety and sound-

1 ness examinations, consumer compliance
2 examinations, and information technology
3 and cybersecurity examinations, the appro-
4 priate Federal banking agency shall, upon
5 request of the insured depository institu-
6 tion, combine two or three such examina-
7 tions, as specified by the insured deposi-
8 tory institution, and carry them out at the
9 same time.

10 “(B) EXCEPTION.—Subparagraph (A)
11 shall not apply to an insured depository institu-
12 tion if—

13 “(i) the insured depository institution
14 is currently subject to a formal enforce-
15 ment proceeding or order by the Corpora-
16 tion or the appropriate Federal banking
17 agency; or

18 “(ii) a person acquired control of the
19 insured depository institution since the
20 most recent full-scope, on-site examination
21 of the insured depository institution from
22 the appropriate Federal banking agency.

23 “(C) RULEMAKING.—Not later than 12
24 months after the date of enactment of this
25 paragraph, the Federal banking agencies shall

1 issue rules to carry out subparagraph (A), in-
2 cluding, with respect to an insured depository
3 institution described under subparagraph (A),
4 to—

5 “(i) establish procedures for the lim-
6 ited-scope examinations described in sub-
7 paragraph (A)(i);

8 “(ii) establish procedures for review-
9 ing insured depository institutions that—

10 “(I) experience material changes
11 in financial condition or operational
12 risk profile between scheduled exami-
13 nations; or

14 “(II) have failed to comply with
15 Federal or State banking laws and
16 regulations; and

17 “(iii) balance the goals of streamlining
18 the examination cycle for individual in-
19 sured depository institutions and reducing
20 unnecessary regulatory burdens while
21 maintaining sufficient oversight to ensure
22 the continued safety and soundness of the
23 insured depository institutions and compli-
24 ance with all applicable laws and regula-
25 tions.

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

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

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

19 “(ii) WELL CAPITALIZED.—The term
20 ‘well capitalized’ has the meaning given
21 that term in section 38(b).

22 “(iii) WELL MANAGED.—With respect
23 to an insured depository institution, the
24 term ‘well managed’ means that, when the
25 institution was most recently examined by

1 the appropriate Federal banking agency,
2 the institution was found to be well man-
3 aged, and the institution's composite condi-
4 tion was found to be satisfactory or out-
5 standing.”.

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

9 “(h) EXAMINATION RELIEF FOR CERTAIN WELL
10 MANAGED AND WELL CAPITALIZED INSURED CREDIT
11 UNIONS.—

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

16 “(A) ALTERNATING LIMITED-SCOPE EX-
17 AMINATIONS.—After an insured credit union re-
18 ceives a full-scope, on-site examination from the
19 National Credit Union Administration, the next
20 examination of the insured credit union by the
21 National Credit Union Administration shall be
22 a limited-scope examination, as determined by
23 the National Credit Union Administration.

24 “(B) COMBINED EXAMINATIONS.—If an
25 insured credit union is otherwise subject to sep-

1 arate safety and soundness examinations, con-
2 sumer compliance examinations, and informa-
3 tion technology and cybersecurity examinations,
4 the National Credit Union Administration shall,
5 upon request of the insured credit union, com-
6 bine two or three such examinations, as speci-
7 fied by the insured credit union, and carry them
8 out at the same time.

9 “(2) EXCEPTION.—Paragraph (1) shall not
10 apply to an insured credit union if the insured credit
11 union is currently subject to a formal enforcement
12 proceeding or order by the National Credit Union
13 Administration.

14 “(3) RULEMAKING.—Not later than 12 months
15 after the date of enactment of this subsection, the
16 National Credit Union Administration shall issue
17 rules to carry out paragraph (1), including, with re-
18 spect to an insured credit union described under
19 paragraph (1), to—

20 “(A) establish procedures for the limited-
21 scope examinations described in paragraph
22 (1)(A);

23 “(B) establish procedures for reviewing in-
24 sured credit unions that—

1 “(i) experience material changes in fi-
2 nancial condition or operational risk profile
3 between scheduled examinations; or

4 “(ii) have failed to comply with Fed-
5 eral or State banking laws and regulations;
6 and

7 “(C) balance the goals of streamlining the
8 examination cycle for individual insured credit
9 unions and reducing unnecessary regulatory
10 burdens while maintaining sufficient oversight
11 to ensure the continued safety and soundness of
12 the insured credit unions and compliance with
13 all applicable laws and regulations.

14 “(4) RULE OF CONSTRUCTION.—Nothing in
15 this subsection may be construed to limit the author-
16 ity of the National Credit Union Administration to
17 conduct off-site monitoring, targeted reviews, or ad-
18 ditional full-scope, on-site examinations of an in-
19 sured credit union if the National Credit Union Ad-
20 ministration determines such monitoring, reviews, or
21 examinations are necessary to ensure safety and
22 soundness or compliance with applicable laws.

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

24 “(A) CONSUMER COMPLIANCE EXAMINA-
25 TION.—The term ‘consumer compliance exam-

1 ination’ means an examination to assess compli-
2 ance with the requirements of Federal con-
3 sumer financial law (as such term is defined in
4 section 1002 of the Consumer Financial Protec-
5 tion Act of 2010).

6 “(B) WELL CAPITALIZED.—The term ‘well
7 capitalized’ has the meaning given that term in
8 section 216(c).

9 “(C) WELL MANAGED.—With respect to
10 an insured credit union, the term ‘well man-
11 aged’ means that, when the credit union was
12 most recently examined by the National Credit
13 Union Administration, the credit union was
14 found to be well managed, and the credit
15 union’s composite condition was found to be
16 satisfactory or outstanding.”.

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