

119TH CONGRESS  
2D SESSION

# H. R. 4437

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IN THE SENATE OF THE UNITED STATES

MAY 13, 2026

Received; read twice and referred to the Committee on Banking, Housing, and  
Urban Affairs

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## 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: KEVIN F. MCCUMBER,  
*Clerk.*