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114TH CONGRESS
2D SESSION

H. R. 5419

To amend the Federal Credit Union Act to extend the examination cycle of the National Credit Union Administration to 18 months for certain credit unions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 2016

Mr. GUINTA introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To amend the Federal Credit Union Act to extend the examination cycle of the National Credit Union Administration to 18 months for certain credit unions, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Credit Union Examination Reform Act of 2016''.

SEC. 2. EXTENSION OF EXAMINATION CYCLE OF THE NATIONAL CREDIT UNION ADMINISTRATION TO 18 MONTHS.

(a) FEDERAL CREDIT UNION EXAMINATIONS.—Section 106 of the Federal Credit Union Act (12 U.S.C. 1756) is amended—

(1) by striking "Federal credit unions" and inserting the following:

"(a) IN GENERAL.—Federal credit unions"; and

(2) by adding at the end the following:

"(b) 18-MONTH EXAMINATION CYCLE FOR CERTAIN CREDIT UNIONS.—

"(1) IN GENERAL.—An examination of a Federal credit union described under subsection (a) may only be carried out once during each 18-month period with respect to a Federal credit union that—

"(A) has total assets of less than $1,000,000,000;

"(B) is well capitalized, as such term is defined under section 216(c)(1);

"(C) was found in its most recent examination to be well managed, and its composite rating (under the Uniform Financial Institutions Rating System or an equivalent rating under a comparable rating system)—

"(i) was a 1, in the case of a Federal credit union that has total assets of more than $200,000,000; or

"(ii) was a 1 or a 2, in the case of a Federal credit union that has total assets of not more than $200,000,000; and

"(D) is not currently subject to a formal enforcement proceeding or order by the Administration.

"(2) SAFETY AND SOUNDNESS EXCEPTION.—Paragraph (1) shall not apply to a Federal credit union if the Administration determines—

"(A) that such credit union should be examined more often than every 18 months because of safety and soundness concerns; or

"(B) that such credit union has violated the law.".

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

"(h) 18-MONTH EXAMINATION CYCLE FOR CERTAIN CREDIT UNIONS.—

"(1) IN GENERAL.—An examination of an insured credit union described under subsection (a) may only be carried out once during each 18-month period with respect to an insured credit union that—

"(A) has total assets of less than $1,000,000,000;

"(B) is well capitalized or adequately capitalized, as such terms are defined, respectively, under section 216(c)(1);

"(C) was found in its most recent examination to be well managed, and its composite rating (under the Uniform Financial Institutions Rating System or an equivalent rating under a comparable rating system)—

"(i) was a 1, in the case of an insured credit union that has total assets of more than $200,000,000; or

"(ii) was a 1 or a 2, in the case of an insured credit union that has total assets of not more than $200,000,000; and

"(D) is not currently subject to a formal enforcement proceeding or order by the Administration.

"(2) SAFETY AND SOUNDNESS EXCEPTION.—Paragraph (1) shall not apply to an insured credit union if the Administration determines—

"(A) that such credit union should be examined more often than every 18 months because of safety and soundness concerns; or

"(B) that such credit union has violated the law.".

(c) BUDGET SAVINGS REPORT.—Not later than the end of the 180-day period beginning on the date of the enactment of this Act, the National Credit Union Administration shall issue a report to the Congress analyzing how the amendments made by this section affect the budget of the Administration.

(d) RULEMAKING.—Not later than the end of the 100-day period beginning on the date of the enactment of this Act, the National Credit Union Administration shall issue regulations to carry out the amendments made by this Act.

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