

Union Calendar No. 206

119TH CONGRESS
1ST SESSION

H. R. 4437

[Report No. 119-249]

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

SEPTEMBER 8, 2025

Reported with an amendment, committed to the Committee of the Whole
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on July 16, 2025]

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”.*

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

10 *(a) INSURED DEPOSITORY INSTITUTIONS.—Section*
 11 *10(d) of the Federal Deposit Insurance Act (12 U.S.C.*
 12 *1820(d)) is amended by adding at the end the following:*

13 *“(11) EXAMINATION RELIEF FOR CERTAIN WELL*
 14 *MANAGED AND WELL CAPITALIZED INSURED DEPOSI-*
 15 *TORY INSTITUTIONS.—*

16 *“(A) IN GENERAL.—The following shall*
 17 *apply to a well managed and well capitalized*
 18 *insured depository institution with*
 19 *\$6,000,000,000 or less in consolidated assets:*

20 *“(i) ALTERNATING LIMITED-SCOPE EX-*
 21 *AMINATIONS.—After an insured depository*
 22 *institution receives a full-scope, on-site ex-*
 23 *amination from the appropriate Federal*
 24 *banking agency, the next examination of the*
 25 *insured depository institution by the appro-*

1 *priate Federal banking agency shall be a*
2 *limited-scope examination, as determined*
3 *by the appropriate Federal banking agency.*

4 “(ii) *COMBINED EXAMINATIONS.*—*If an*
5 *insured depository institution is otherwise*
6 *subject to separate safety and soundness ex-*
7 *aminations, consumer compliance examina-*
8 *tions, and information technology and cy-*
9 *bersecurity examinations, the appropriate*
10 *Federal banking agency shall, upon request*
11 *of the insured depository institution, com-*
12 *bine two or three such examinations, as*
13 *specified by the insured depository institu-*
14 *tion, and carry them out at the same time.*

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

18 “(i) *the insured depository institution*
19 *is currently subject to a formal enforcement*
20 *proceeding or order by the Corporation or*
21 *the appropriate Federal banking agency; or*

22 “(ii) *a person acquired control of the*
23 *insured depository institution since the*
24 *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 para-*
5 *graph, the Federal banking agencies shall issue*
6 *rules to carry out subparagraph (A), including,*
7 *with respect to an insured depository institution*
8 *described under subparagraph (A), to—*

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

12 “(ii) *establish procedures for reviewing*
13 *insured depository institutions that—*

14 “(I) *experience material changes*
15 *in financial condition or operational*
16 *risk profile between scheduled examina-*
17 *tions; or*

18 “(II) *have failed to comply with*
19 *Federal or State banking laws and reg-*
20 *ulations; and*

21 “(iii) *balance the goals of streamlining*
22 *the examination cycle for individual in-*
23 *insured depository institutions and reducing*
24 *unnecessary regulatory burdens while main-*
25 *taining sufficient oversight to ensure the*

1 *continued safety and soundness of the in-*
2 *sured depository institutions and compli-*
3 *ance with all applicable laws and regula-*
4 *tions.*

5 “(D) *RULE OF CONSTRUCTION.*—*Nothing in*
6 *this paragraph may be construed to limit the au-*
7 *thority of a Federal banking agency to conduct*
8 *off-site monitoring, targeted reviews, or addi-*
9 *tional full-scope, on-site examinations of an in-*
10 *sured depository institution if the Federal bank-*
11 *ing agency determines such monitoring, reviews,*
12 *or examinations are necessary to ensure safety*
13 *and soundness or compliance with applicable*
14 *laws.*

15 “(E) *DEFINITIONS.*—*In this paragraph:*

16 “(i) *CONSUMER COMPLIANCE EXAMINA-*
17 *TION.*—*The term ‘consumer compliance ex-*
18 *amination’ means an examination to assess*
19 *compliance with the requirements of Federal*
20 *consumer financial law (as such term is de-*
21 *finied in section 1002 of the Consumer Fi-*
22 *nancial Protection Act of 2010).*

23 “(ii) *WELL CAPITALIZED.*—*The term*
24 *‘well capitalized’ has the meaning given*
25 *that term in section 38(b).*

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

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

13 “(h) *EXAMINATION RELIEF FOR CERTAIN WELL MAN-*
 14 *AGED AND WELL CAPITALIZED INSURED CREDIT*
 15 *UNIONS*.—

16 “(1) *IN GENERAL*.—The following shall apply to
 17 a well managed and well capitalized insured credit
 18 union with \$6,000,000,000 or less in consolidated as-
 19 sets:

20 “(A) *ALTERNATING LIMITED-SCOPE EXAMI-*
 21 *NATIONS*.—After an insured credit union receives
 22 a full-scope, on-site examination from the Na-
 23 tional Credit Union Administration, the next ex-
 24 amination of the insured credit union by the Na-
 25 tional Credit Union Administration shall be a

1 *limited-scope examination, as determined by the*
2 *National Credit Union Administration.*

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

13 “(2) *EXCEPTION.*—*Paragraph (1) shall not*
14 *apply to an insured credit union if the insured credit*
15 *union is currently subject to a formal enforcement*
16 *proceeding or order by the National Credit Union Ad-*
17 *ministration.*

18 “(3) *RULEMAKING.*—*Not later than 12 months*
19 *after the date of enactment of this subsection, the Na-*
20 *tional Credit Union Administration shall issue rules*
21 *to carry out paragraph (1), including, with respect to*
22 *an insured credit union described under paragraph*
23 *(1), to—*

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

4 “(B) establish procedures for reviewing in-
5 sured credit unions that—

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

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

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

19 “(4) *RULE OF CONSTRUCTION.*—Nothing in this
20 subsection may be construed to limit the authority of
21 the National Credit Union Administration to conduct
22 off-site monitoring, targeted reviews, or additional
23 full-scope, on-site examinations of an insured credit
24 union if the National Credit Union Administration
25 determines such monitoring, reviews, or examinations

1 *are necessary to ensure safety and soundness or com-*
 2 *pliance with applicable laws.*

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

4 “(A) *CONSUMER COMPLIANCE EXAMINA-*
 5 *TION.—The term ‘consumer compliance examina-*
 6 *tion’ means an examination to assess compliance*
 7 *with the requirements of Federal consumer fi-*
 8 *nancial law (as such term is defined in section*
 9 *1002 of the Consumer Financial Protection Act*
 10 *of 2010).*

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

14 “(C) *WELL MANAGED.—With respect to an*
 15 *insured credit union, the term ‘well managed’*
 16 *means that, when the credit union was most re-*
 17 *cently examined by the National Credit Union*
 18 *Administration, the credit union was found to be*
 19 *well managed, and the credit union’s composite*
 20 *condition was found to be satisfactory or out-*
 21 *standing.’’.*

22 **SEC. 3. EXAMINATION PRACTICES.**

23 (a) *INSURED DEPOSITORY INSTITUTIONS.—Section*
 24 *10(d) of the Federal Deposit Insurance Act (12 U.S.C.*

1 1820(d)), as amended by section 2(a), is further amended
 2 by adding at the end the following:

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

7 “(A) ensure the examination is led by, to
 8 the maximum extent practicable, an examiner
 9 with significant experience as an examiner;

10 “(B) make every effort, to the maximum ex-
 11 tent practicable, to minimize the number of ex-
 12 aminers utilized and the amount of time spent
 13 at the institution to carry out the examination;

14 “(C) make every effort, to the maximum ex-
 15 tent practicable, to schedule the examination at
 16 a time that is convenient for the institution; and

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

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

22 “(A) information on how the agency is com-
 23 plying with paragraphs (11) and (12); and

24 “(B) aggregate data summarizing the agen-
 25 cy’s examination practices with respect to in-

1 *insured depository institutions with less than*
2 *\$6,000,000,000 in total assets, including—*

3 *“(i) the average experience of exam-*
4 *iners, including the average number of*
5 *years of examiner experience of those who*
6 *lead on-site examinations;*

7 *“(ii) the average number of examiners*
8 *utilized; and*

9 *“(iii) the average amount of time the*
10 *agency spends visiting such institutions for*
11 *on-site examinations.”.*

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

16 ***“(i) EXAMINATION PRACTICES.***—*With respect to on-*
17 *site examination of an insured credit union with less than*
18 *\$6,000,000,000 in total assets, the National Credit Union*
19 *Administration shall—*

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

23 *“(2) make every effort, to the maximum extent*
24 *practicable, to minimize the number of examiners uti-*

1 *lized and the amount of time spent at the credit*
2 *union to carry out the examination;*

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

6 *“(4) to the maximum extent practicable, give the*
7 *credit union advance notice of issues expected to be*
8 *covered in the examination.*

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

11 *“(1) information on how the Administration is*
12 *complying with subsections (h) and (i); and*

13 *“(2) aggregate data summarizing the Adminis-*
14 *tration’s examination practices with respect to in-*
15 *sured credit unions with less than \$6,000,000,000 in*
16 *total assets, including—*

17 *“(A) the average experience of examiners,*
18 *including the average number of years of exam-*
19 *iner experience of those who lead on-site exami-*
20 *nations;*

21 *“(B) the average number of examiners uti-*
22 *lized; and*

23 *“(C) the average amount of time the Ad-*
24 *ministration spends visiting such credit unions*
25 *for on-site examinations.”.*

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