119TH CONGRESS
1st Session
HOUSE OF REPRESENTATIVES
REPORT
119–249

SUPERVISORY MODIFICATIONS FOR APPROPRIATE RISK-BASED TESTING ACT OF 2025

SEPTEMBER 8, 2025.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

---

Mr. HILL of Arkansas, from the Committee on Financial Services, submitted the following

R E P O R T

[To accompany H.R. 4437]

The Committee on Financial Services, to whom was referred the bill (H.R. 4437) to reduce the regulatory burden on certain well managed and well capitalized financial institutions, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

CONTENTS

59–006

The amendment is as follows:
Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Supervisory Modifications for Appropriate Risk-based Testing Act of 2025" or the "SMART Act of 2025".

SEC. 2. EXAMINATION RELIEF FOR CERTAIN WELL MANAGED AND WELL CAPITALIZED FINANCIAL INSTITUTIONS.

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

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

"(A) IN GENERAL.—The following shall apply to a well managed and well capitalized insured depository institution with $6,000,000,000 or less in consolidated assets:

"(i) ALTERNATING LIMITED-SCOPE EXAMINATIONS.—After an insured depository institution receives a full-scope, on-site examination from the appropriate Federal banking agency, the next examination of the insured depository institution by the appropriate Federal banking agency shall be a limited-scope examination, as determined by the appropriate Federal banking agency.

"(ii) COMBINED EXAMINATIONS.—If an insured depository institution is otherwise subject to separate safety and soundness examinations, consumer compliance examinations, and information technology and cybersecurity examinations, the appropriate Federal banking agency shall, upon request of the insured depository institution, combine two or three such examinations, as specified by the insured depository institution, and carry them out at the same time.

"(B) EXCEPTION.—Subparagraph (A) shall not apply to an insured depository institution if—

"(i) the insured depository institution is currently subject to a formal enforcement proceeding or order by the Corporation or the appropriate Federal banking agency; or

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

"(C) RULEMAKING.—Not later than 12 months after the date of enactment of this paragraph, the Federal banking agencies shall issue rules to carry out subparagraph (A), including, with respect to an insured depository institution described under subparagraph (A), to—

"(i) establish procedures for the limited-scope examinations described in subparagraph (A)(i);

"(ii) establish procedures for reviewing insured depository institutions that—

"(I) experience material changes in financial condition or operational risk profile between scheduled examinations; or

"(II) have failed to comply with Federal or State banking laws and regulations; and

"(iii) balance the goals of streamlining the examination cycle for individual insured depository institutions and reducing unnecessary regulatory burdens while maintaining sufficient oversight to ensure the continued safety and soundness of the insured depository institutions and compliance with all applicable laws and regulations.

"(D) RULE OF CONSTRUCTION.—Nothing in this paragraph may be construed to limit the authority of a Federal banking agency to conduct off-site monitoring, targeted reviews, or additional full-scope, on-site examinations of an insured depository institution if the Federal banking agency determines such monitoring, reviews, or examinations are necessary to ensure safety and soundness or compliance with applicable laws.

"(E) DEFINITIONS.—In this paragraph:

"(i) CONSUMER COMPLIANCE EXAMINATION.—The term 'consumer compliance examination' means an examination to assess compliance with the requirements of Federal consumer financial law (as such term is defined in section 1002 of the Consumer Financial Protection Act of 2010).

"(ii) WELL CAPITALIZED.—The term 'well capitalized' has the meaning given that term in section 38(b).

"(iii) WELL MANAGED.—With respect to an insured depository institution, the term 'well managed' means that, when the institution was most recently examined by the appropriate Federal banking agency, the institution was found to be well managed, and the institution's composite condition was found to be satisfactory or outstanding.".

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

"(h) EXAMINATION RELIEF FOR CERTAIN WELL MANAGED AND WELL CAPITALIZED INSURED CREDIT UNIONS.—

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

"(A) ALTERNATING LIMITED-SCOPE EXAMINATIONS.—After an insured credit union receives a full-scope, on-site examination from the National Credit Union Administration, the next examination of the insured credit union by the National Credit Union Administration shall be a limited-scope examination, as determined by the National Credit Union Administration.

"(B) COMBINED EXAMINATIONS.—If an insured credit union is otherwise subject to separate safety and soundness examinations, consumer compliance examinations, and information technology and cybersecurity examinations, the National Credit Union Administration shall, upon request of the insured credit union, combine two or three such examinations, as specified by the insured credit union, and carry them out at the same time.

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

"(3) RULEMAKING.—Not later than 12 months after the date of enactment of this subsection, the National Credit Union Administration shall issue rules to carry out paragraph (1), including, with respect to an insured credit union described under paragraph (1), to—

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

"(B) establish procedures for reviewing insured credit unions that—

"(i) experience material changes in financial condition or operational risk profile between scheduled examinations; or

"(ii) have failed to comply with Federal or State banking laws and regulations; and

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

"(4) RULE OF CONSTRUCTION.—Nothing in this subsection may be construed to limit the authority of the National Credit Union Administration to conduct offsite monitoring, targeted reviews, or additional full-scope, on-site examinations of an insured credit union if the National Credit Union Administration determines such monitoring, reviews, or examinations are necessary to ensure safety and soundness or compliance with applicable laws.

"(5) DEFINITIONS.—In this paragraph:

"(A) CONSUMER COMPLIANCE EXAMINATION.—The term 'consumer compliance examination' means an examination to assess compliance with the requirements of Federal consumer financial law (as such term is defined in section 1002 of the Consumer Financial Protection Act of 2010).

"(B) WELL CAPITALIZED.—The term 'well capitalized' has the meaning given that term in section 216(c).

"(C) WELL MANAGED.—With respect to an insured credit union, the term 'well managed' means that, when the credit union was most recently examined by the National Credit Union Administration, the credit union was found to be well managed, and the credit union's composite condition was found to be satisfactory or outstanding.".

SEC. 3. EXAMINATION PRACTICES.

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

"(12) EXAMINATION PRACTICES.—With respect to on-site examination of an insured depository institution with less than $6,000,000,000 in total assets, the appropriate Federal banking agency shall—

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

"(B) make every effort, to the maximum extent practicable, to minimize the number of examiners utilized and the amount of time spent at the institution to carry out the examination;

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

"(D) to the maximum extent practicable, give the institution advance notice of issues expected to be covered in the examination.

"(13) REPORT.—In its annual report to Congress, each Federal banking agency shall include—

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

"(B) aggregate data summarizing the agency's examination practices with respect to insured depository institutions with less than $6,000,000,000 in total assets, including—

"(i) the average experience of examiners, including the average number of years of examiner experience of those who lead on-site examinations;

"(ii) the average number of examiners utilized; and

"(iii) the average amount of time the agency spends visiting such institutions for on-site examinations.".

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

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

"(1) ensure the examination is led by, to the maximum extent practicable, an examiner with significant experience as an examiner;

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

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

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

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

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

"(2) aggregate data summarizing the Administration's examination practices with respect to insured credit unions with less than $6,000,000,000 in total assets, including—

"(A) the average experience of examiners, including the average number of years of examiner experience of those who lead on-site examinations;

"(B) the average number of examiners utilized; and

"(C) the average amount of time the Administration spends visiting such credit unions for on-site examinations.".

PURPOSE AND SUMMARY

H.R. 4437, the *Supervisory Modifications for Appropriate Risk-based Testing (SMART) Act of 2025*, was introduced on July 16, 2025, by Republican Representative William Timmons (SC–04). H.R. 4437 provides targeted regulatory relief to well-managed and well-capitalized financial institutions with assets under $10 billion by instituting alternating limited-scope examinations and allowing those institutions to opt into combining safety and soundness, consumer compliance, and information technology and cybersecurity examinations to streamline oversight.

BACKGROUND AND NEED FOR LEGISLATION

Federal bank supervision grants agencies, including the Federal Reserve System, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, and Consumer Financial Protection Bureau, the authority to monitor banks through on-site exams, re-

porting requirements, and corrective actions to ensure financial safety and systemic stability. While supervision is essential, the existing prudential regulatory framework can impose disproportionately high compliance costs on smaller, well-managed institutions that do not pose significant risks. H.R. 4437 offers targeted relief by alternating between full-scope, on-site examinations and off-site, limited-scope examinations, and by allowing institutions to opt into merging safety and soundness, consumer compliance, and information technology and cybersecurity examinations. This approach lowers unnecessary regulatory burdens, freeing resources for institutions to better serve their communities and support economic growth, while maintaining robust oversight where it is most needed.

COMMITTEE CONSIDERATION

119TH CONGRESS

On July 16, 2025, Representative Timmons introduced H.R. 4437, the *SMART Act of 2025*, with Representative Bill Foster (D–IL) as an original cosponsor. The bill was referred solely to the Committee on Financial Services. The bill was attached to the April 29, 2025, hearing titled "Regulatory Overreach: The Price Tag on American Prosperity."

On July 22, 2025, the Committee on Financial Services met in open session to consider, among others, H.R. 4437. The Committee ordered H.R. 4437, as amended, to be favorably reported to the House of Representatives.

RELATED HEARING

Pursuant to clause 3(c)(6) of rule XIII of the Rules of the House of Representatives, the following hearing was used to develop H.R. 4437:

The Financial Institutions Subcommittee of the Committee on Financial Services held an April 29, 2025, hearing titled "Regulatory Overreach: The Price Tag on American Prosperity." A discussion draft version of the bill was attached to the hearing. The following witnesses testified: Ms. Sarah Christine Flowers, Senior Vice President, Senior Associate General Counsel, Bank Policy Institute; Mr. Michael Radcliffe, Chairman & Chief Executive Officer, Community Financial Services Bank; Mrs. Margaret E. Tahyar, Partner, Head of Financial Institutions Group, Davis Polk & Wardwell LLP; and The Honorable Graham Steele, Academic Fellow, Rock Center for Corporate Governance, Stanford Law School.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include record votes on the motion to report legislation and amendments thereto.

On July 22, 2025, the Committee ordered H.R. 4437, as amended, to be reported favorably to the House by a recorded vote of 53 yeas and 1 nay. (Record Vote No. FC–185).

The Committee considered the following amendment to H.R. 4437:

• Representative Maxine Waters (D–CA) offered an amendment (No. 10), designated Waters_078. This amendment directs the Federal financial regulators to ensure on-site examinations of qualified financial institutions are led by an examiner with significant experience as an examiner. This amendment also requires the Federal financial regulators to minimize the number of examiners utilized and to schedule exams at a convenient time for the institution. The Federal financial regulators shall submit in its annual report to Congress how the agency is complying with requirements set forth in this act as well as aggregate data summarizing the agency's examination practices for small financial institutions. The amendment was agreed to by voice vote.

Committee on Financial Services

Markup 7
July 22, 2025

Bill: **H.R. 4437**
Measure: **H.R. 4437, as amended**
Amdt/Designated:

Motion: **to report the measure favorably**

Record Vote No.
FC-185

Disposition: **AGREED TO (53-1)**

Member	Yea	Nay	Not Voting	Member	Yea	Nay	Not Voting
Chairman Hill	X			Ranking Member Waters	X		
Mr. Lucas	X			Ms. Velázquez	X		
Mr. Sessions	X			Mr. Sherman	X		
Mr. Huizenga	X			Mr. Meeks	X		
Mrs. Wagner	X			Mr. Scott	X		
Mr. Barr	X			Mr. Lynch		X	
Mr. Williams (TX)	X			Mr. Green (TX)	X		
Mr. Emmer	X			Mr. Cleaver	X		
Mr. Loudermilk	X			Mr. Himes	X		
Mr. Davidson	X			Mr. Foster	X		
Mr. Rose	X			Mrs. Beatty	X		
Mr. Steil	X			Mr. Vargas	X		
Mr. Timmons	X			Mr. Gottheimer	X		
Mr. Stutzman	X			Mr. Gonzalez	X		
Mr. Norman	X			Mr. Casten	X		
Mr. Meuser	X			Ms. Pressley	X		
Mrs. Kim	X			Ms. Tlaib	X		
Mr. Donalds	X			Mr. Torres (NY)	X		
Mr. Garbarino	X			Ms. Garcia (TX)	X		
Mr. Fitzgerald	X			Ms. Williams of GA	X		
Mr. Flood	X			Ms. Pettersen	X		
Mr. Lawler	X			Mr. Fields	X		
Ms. De La Cruz	X			Ms. Bynum	X		
Mr. Ogles	X			Mr. Liccardo	X		
Mr. Nunn	X						
Mrs. McClain	X						
Ms. Salazar	X						
Mr. Downing	X						
Mr. Haridopolos	X						
Mr. Moore (NC)	X						
	30	**0**	**0**		**23**	**1**	**0**

Committee Totals:

53	1	0
Yeas	Nays	Not Voting

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the goal of H.R. 4437 is to reduce the regulatory burden on certain well-managed and well-capitalized financial institutions.

COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 4437. The Committee has requested but not received a cost estimate from the Director of the Congressional Budget Office. However, pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee will adopt as its own the cost estimate by the Director of the Congressional Budget Office once it has been prepared.

NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the *Congressional Budget Act of 1974* and with respect to requirements of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the *Congressional Budget Act of 1974*, the Committee will adopt as its own the cost estimate for the bill prepared by the Director of the Congressional Budget Office. However, a cost estimate was not made available to the Committee in time for the filing of this report. The Chairman of the Committee shall cause such estimate to be printed in the Congressional Record upon its receipt by the Committee.

UNFUNDED MANDATES STATEMENT

The Committee has requested but not received from the Director of the Congressional Budget Office an estimate of the Federal mandates pursuant to section 423 of the *Unfunded Mandates Reform Act*. The Chairman of the Committee shall cause such estimate to be printed in the Congressional Record upon its receipt by the Committee.

EARMARK STATEMENT

In compliance with clause 9 of rule XXI of the Rules of the House of Representatives, this bill, as reported, contains no congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of rule XXI.

FEDERAL ADVISORY COMMITTEE ACT STATEMENT

No advisory committees within the meaning of section 5(b) of the *Federal Advisory Committee Act* were created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the *Congressional Accountability Act*.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of the Public Law 111–139 or the most recent Catalog of Federal Domestic Assistance.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

Section 1 provides the short title is the "Supervisory Modifications for Appropriate Risk-based Testing Act of 2025" or the "SMART Act of 2025."

Section 2. Examination relief for certain well managed and well capitalized financial institutions

This section provides for alternating limited-scope examinations and combined examinations for well-capitalized and well-managed financial institutions with $6 billion or less in consolidated assets. Qualified financial institutions may receive a limited-scope examination after the institution receives a full-scope, on-site examination from the appropriate Federal banking agency. Covered financial institutions that are otherwise subject to a separate safety and soundness, consumer compliance, and information technology and cybersecurity examinations may request two or three such examinations be combined.

This section provides exceptions for covered financial institutions if (1) the institution is currently subject to a formal enforcement proceeding or order, or (2) there was a change in control of the institution since the most recent full-scope, on-site examination of the institution.

This section directs the Federal banking agencies to issue rules to establish procedures for the limited-scope examinations and to balance the goals of streamlining the examination cycle for covered institutions and reducing unnecessary regulatory burdens while maintaining sufficient oversight.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italics

and existing law in which no change is proposed is shown in roman):

FEDERAL DEPOSIT INSURANCE ACT

* * * * * * *

SEC. 10. (a) The Board of Directors shall administer the affairs of the Corporation fairly and impartially and without discrimination. The Board of Directors of the Corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid. The Corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The Corporation with the consent of any Federal Reserve bank or of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, and facilities thereof in carrying out the provisions of this Act.

(b) EXAMINATIONS.—

(1) APPOINTMENT OF EXAMINERS AND CLAIMS AGENTS.—The Board of Directors shall appoint examiners and claims agents.

(2) REGULAR EXAMINATIONS.—Any examiner appointed under paragraph (1) shall have power, on behalf of the Corporation, to examine—

(A) any insured State nonmember bank or insured State branch of any foreign bank;

(B) any depository institution which files an application with the Corporation to become an insured depository institution; and

(C) any insured depository institution in default,

whenever the Board of Directors determines an examination of any such depository institution is necessary.

(3) SPECIAL EXAMINATION OF ANY INSURED DEPOSITORY INSTITUTION.—

(A) IN GENERAL.—In addition to the examinations authorized under paragraph (2), any examiner appointed under paragraph (1) shall have power, on behalf of the Corporation, to make any special examination of any insured depository institution or nonbank financial company supervised by the Board of Governors or a bank holding company described in section 165(a) of the Financial Stability Act of 2010, whenever the Board of Directors determines that a special examination of any such depository institution is necessary to determine the condition of such depository institution for insurance purposes, or of such nonbank financial company supervised by the Board of Governors or bank holding company described in section 165(a) of the Financial Stability Act of 2010, for the purpose of implementing its authority to provide for orderly liquidation of any such company under title II of that Act, provided that such authority may not be used with respect to any such company that is in a generally sound condition.

(B) LIMITATION.—Before conducting a special examination of a nonbank financial company supervised by the

Board of Governors or a bank holding company described in section 165(a) of the Financial Stability Act of 2010, the Corporation shall review any available and acceptable resolution plan that the company has submitted in accordance with section 165(d) of that Act, consistent with the nonbinding effect of such plan, and available reports of examination, and shall coordinate to the maximum extent practicable with the Board of Governors, in order to minimize duplicative or conflicting examinations.

(4) EXAMINATION OF AFFILIATES.—

(A) IN GENERAL.—In making any examination under paragraph (2) or (3), any examiner appointed under paragraph (1) shall have power, on behalf of the Corporation, to make such examinations of the affairs of any affiliate of any depository institution as may be necessary to disclose fully—

(i) the relationship between such depository institution and any such affiliate; and

(ii) the effect of such relationship on the depository institution.

(B) COMMITMENT BY FOREIGN BANKS TO ALLOW EXAMINATIONS OF AFFILIATES.—No branch or depository institution subsidiary of a foreign bank may become an insured depository institution unless such foreign bank submits a written binding commitment to the Board of Directors to permit any examination of any affiliate of such branch or depository institution subsidiary pursuant to subparagraph (A) to the extent determined by the Board of Directors to be necessary to carry out the purposes of this Act.

(5) EXAMINATION OF INSURED STATE BRANCHES.—The Board of Directors shall—

(A) coordinate examinations of insured State branches of foreign banks with examinations conducted by the Board of Governors of the Federal Reserve System under section 7(c)(1) of the International Banking Act of 1978; and

(B) to the extent possible, participate in any simultaneous examination of the United States operations of a foreign bank requested by the Board under such section.

(6) POWER AND DUTY OF EXAMINERS.—Each examiner appointed under paragraph (1) shall—

(A) have power to make a thorough examination of any insured depository institution or affiliate under paragraph (2), (3), (4), or (5); and

(B) shall make a full and detailed report of condition of any insured depository institution or affiliate examined to the Corporation.

(7) POWER OF CLAIM AGENTS.—Each claim agent appointed under paragraph (1) shall have power to investigate and examine all claims for insured deposits.

(c) In connection with examinations of insured depository institutions and any State nonmember bank, savings association, or other institution making application to become insured depository institutions, and affiliates thereof, or with other types of investigations to determine compliance with applicable law and regulations, the appropriate Federal banking agency, or its designated representa-

tives, are authorized to administer oaths and affirmations, and to examine and and to take and preserve testimony under oath as to any matter in respect to the affairs or ownership of any such bank or institution or affiliate thereof, and to exercise such other powers as are set forth in section 8(n) of this Act.

(d) ANNUAL ON-SITE EXAMINATIONS OF ALL INSURED DEPOSITORY INSTITUTIONS REQUIRED.—

(1) IN GENERAL.—The appropriate Federal banking agency shall, not less than once during each 12-month period, conduct a full-scope, on-site examination of each insured depository institution.

(2) EXAMINATIONS BY CORPORATION.—Paragraph (1) shall not apply during any 12-month period in which the Corporation has conducted a full-scope, on-site examination of the insured depository institution.

(3) STATE EXAMINATIONS ACCEPTABLE.—The examinations required by paragraph (1) may be conducted in alternate 12-month periods, as appropriate, if the appropriate Federal banking agency determines that an examination of the insured depository institution conducted by the State during the intervening 12-month period carries out the purpose of this subsection.

(4) 18-MONTH RULE FOR CERTAIN SMALL INSTITUTIONS.—Paragraphs (1), (2), and (3) shall apply with "18-month" substituted for "12-month" if—

(A) the insured depository institution has total assets of less than $3,000,000,000;

(B) the institution is well capitalized, as defined in section 38;

(C) when the institution was most recently examined, it was found to be well managed, and its composite condition—

(i) was found to be outstanding; or

(ii) was found to be outstanding or good, in the case of an insured depository institution that has total assets of not more than $200,000,000;

(D) the insured institution is not currently subject to a formal enforcement proceeding or order by the Corporation or the appropriate Federal banking agency; and

(E) no person acquired control of the institution during the 12-month period in which a full-scope, on-site examination would be required but for this paragraph.

(5) CERTAIN GOVERNMENT-CONTROLLED INSTITUTIONS EXEMPTED.—Paragraph (1) does not apply to—

(A) any institution for which the Corporation is conservator; or

(B) any bridge depository institution, none of the voting securities of which are owned by a person or agency other than the Corporation.

(6) COORDINATED EXAMINATIONS.—To minimize the disruptive effects of examinations on the operations of insured depository institutions—

(A) each appropriate Federal banking agency shall, to the extent practicable and consistent with principles of safety and soundness and the public interest—

(i) coordinate examinations to be conducted by that agency at an insured depository institution and its affiliates;

(ii) coordinate with the other appropriate Federal banking agencies in the conduct of such examinations;

(iii) work to coordinate with the appropriate State bank supervisor—

(I) the conduct of all examinations made pursuant to this subsection; and

(II) the number, types, and frequency of reports required to be submitted to such agencies and supervisors by insured depository institutions, and the type and amount of information required to be included in such reports; and

(iv) use copies of reports of examinations of insured depository institutions made by any other Federal banking agency or appropriate State bank supervisor to eliminate duplicative requests for information; and

(B) not later than 2 years after the date of enactment of the Riegle Community Development and Regulatory Improvement Act of 1994, the Federal banking agencies shall jointly establish and implement a system for determining which one of the Federal banking agencies or State bank supervisors shall be the lead agency responsible for managing a unified examination of each insured depository institution and its affiliates, as required by this subsection.

(7) SEPARATE EXAMINATIONS PERMITTED.—Notwithstanding paragraph (6), each appropriate Federal banking agency may conduct a separate examination in an emergency or under other exigent circumstances, or when the agency believes that a violation of law may have occurred.

(8) REPORT.—At the time the system provided for in paragraph (6) is established, the Federal banking agencies shall submit a joint report describing the system to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives. Thereafter, the Federal banking agencies shall annually submit a joint report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives regarding the progress of the agencies in implementing the system and indicating areas in which enhancements to the system, including legislature improvements, would be appropriate.

(9) STANDARDS FOR DETERMINING ADEQUACY OF STATE EXAMINATIONS.—The Federal Financial Institutions Examination Council shall issue guidelines establishing standards to be used at the discretion of the appropriate Federal banking agency for purposes of making a determination under paragraph (3).

(10) AGENCIES AUTHORIZED TO INCREASE MAXIMUM ASSET AMOUNT OF INSTITUTIONS FOR CERTAIN PURPOSES.—At any time after the end of the 2-year period beginning on the date of enactment of the Riegle Community Development and Regulatory Improvement Act of 1994, the appropriate Federal banking

agency, in the agency's discretion, may increase the maximum amount limitation contained in paragraph (4)(C)(ii), by regulation, from $200,000,000 to an amount not to exceed $3,000,000,000 for purposes of such paragraph, if the agency determines that the greater amount would be consistent with the principles of safety and soundness for insured depository institutions.

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

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

(i) ALTERNATING LIMITED-SCOPE EXAMINATIONS.—After an insured depository institution receives a full-scope, on-site examination from the appropriate Federal banking agency, the next examination of the insured depository institution by the appropriate Federal banking agency shall be a limited-scope examination, as determined by the appropriate Federal banking agency.

(ii) COMBINED EXAMINATIONS.—If an insured depository institution is otherwise subject to separate safety and soundness examinations, consumer compliance examinations, and information technology and cybersecurity examinations, the appropriate Federal banking agency shall, upon request of the insured depository institution, combine two or three such examinations, as specified by the insured depository institution, and carry them out at the same time.

(B) EXCEPTION.—Subparagraph (A) shall not apply to an insured depository institution if—

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

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

(C) RULEMAKING.—Not later than 12 months after the date of enactment of this paragraph, the Federal banking agencies shall issue rules to carry out subparagraph (A), including, with respect to an insured depository institution described under subparagraph (A), to—

(i) establish procedures for the limited-scope examinations described in subparagraph (A)(i);

(ii) establish procedures for reviewing insured depository institutions that—

(I) experience material changes in financial condition or operational risk profile between scheduled examinations; or

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

(iii) balance the goals of streamlining the examination cycle for individual insured depository institutions

and reducing unnecessary regulatory burdens while maintaining sufficient oversight to ensure the continued safety and soundness of the insured depository institutions and compliance with all applicable laws and regulations.

(D) RULE OF CONSTRUCTION.—Nothing in this paragraph may be construed to limit the authority of a Federal banking agency to conduct off-site monitoring, targeted reviews, or additional full-scope, on-site examinations of an insured depository institution if the Federal banking agency determines such monitoring, reviews, or examinations are necessary to ensure safety and soundness or compliance with applicable laws.

(E) DEFINITIONS.—In this paragraph:

(i) CONSUMER COMPLIANCE EXAMINATION.—The term "consumer compliance examination" means an examination to assess compliance with the requirements of Federal consumer financial law (as such term is defined in section 1002 of the Consumer Financial Protection Act of 2010).

(ii) WELL CAPITALIZED.—The term "well capitalized" has the meaning given that term in section 38(b).

(iii) WELL MANAGED.—With respect to an insured depository institution, the term "well managed" means that, when the institution was most recently examined by the appropriate Federal banking agency, the institution was found to be well managed, and the institution's composite condition was found to be satisfactory or outstanding.

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

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

(B) make every effort, to the maximum extent practicable, to minimize the number of examiners utilized and the amount of time spent at the institution to carry out the examination;

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

(D) to the maximum extent practicable, give the institution advance notice of issues expected to be covered in the examination.

(13) REPORT.—In its annual report to Congress, each Federal banking agency shall include—

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

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

(i) the average experience of examiners, including the average number of years of examiner experience of those who lead on-site examinations;

(ii) the average number of examiners utilized; and

(iii) the average amount of time the agency spends visiting such institutions for on-site examinations.

(e) EXAMINATION FEES.—

(1) REGULAR AND SPECIAL EXAMINATIONS OF DEPOSITORY INSTITUTIONS.—The cost of conducting any regular examination or special examination of any depository institution under subsection (b)(2), (b)(3), or (d) or of any entity described in section 3(q)(2) may be assessed by the Corporation against the institution or entity to meet the expenses of the Corporation in carrying out such examinations.

(2) EXAMINATION OF AFFILIATES.—The cost of conducting any examination of any affiliate of any insured depository institution under subsection (b)(4) may be assessed by the Corporation against each affiliate which is examined to meet the Corporation's expenses in carrying out such examination.

(3) ASSESSMENT AGAINST DEPOSITORY INSTITUTION IN CASE OF AFFILIATE'S REFUSAL TO PAY.—

(A) IN GENERAL.—Subject to subparagraph (B), if any affiliate of any insured depository institution—

(i) refuses to pay any assessment under paragraph (2); or

(ii) fails to pay any such assessment before the end of the 60-day period beginning on the date the affiliate receives notice of the assessment,

the Corporation may assess such cost against, and collect such cost from, the depository institution.

(B) AFFILIATE OF MORE THAN 1 DEPOSITORY INSTITUTION.—If any affiliate referred to in subparagraph (A) is an affiliate of more than 1 insured depository institution, the assessment under subparagraph (A) may be assessed against the depository institutions in such proportions as the Corporation determines to be appropriate.

(4) CIVIL MONEY PENALTY FOR AFFILIATE'S REFUSAL TO COOPERATE.—

(A) PENALTY IMPOSED.—If any affiliate of any insured depository institution—

(i) refuses to permit an examiner appointed by the Board of Directors under subsection (b)(1) to conduct an examination; or

(ii) refuses to provide any information required to be disclosed in the course of any examination,

the depository institution shall forfeit and pay a penalty of not more than $5,000 for each day that any such refusal continues.

(B) ASSESSMENT AND COLLECTION.—Any penalty imposed under subparagraph (A) shall be assessed and collected by the Corporation in the manner provided in section 8(i)(2).

(5) DEPOSITS OF EXAMINATION ASSESSMENT.—Amounts received by the Corporation under this subsection (other than paragraph (4)) may be deposited in the manner provided in section 13.

(f) PRESERVATION OF AGENCY RECORDS.—

(1) IN GENERAL.—A Federal banking agency may cause any and all records, papers, or documents kept by the agency or in the possession or custody of the agency to be—

(A) photographed or microphotographed or otherwise reproduced upon film; or

(B) preserved in any electronic medium or format which is capable of—

(i) being read or scanned by computer; and

(ii) being reproduced from such electronic medium or format by printing any other form of reproduction of electronically stored data.

(2) TREATMENT AS ORIGINAL RECORDS.—Any photographs, microphotographs, or photographic film or copies thereof described in paragraph (1)(A) or reproduction of electronically stored data described in paragraph (1)(B) shall be deemed to be an original record for all purposes, including introduction in evidence in all State and Federal courts or administrative agencies, and shall be admissible to prove any act, transaction, occurrence, or event therein recorded.

(3) AUTHORITY OF THE FEDERAL BANKING AGENCIES.—Any photographs, microphotographs, or photographic film or copies thereof described in paragraph (1)(A) or reproduction of electronically stored data described in paragraph (1)(B) shall be preserved in such manner as the Federal banking agency shall prescribe, and the original records, papers, or documents may be destroyed or otherwise disposed of as the Federal banking agency may direct.

(g) AUTHORITY TO PRESCRIBE REGULATIONS AND DEFINITIONS.—Except to the extent that authority under this Act is conferred on any of the Federal banking agencies other than the Corporation, the Corporation may—

(1) prescribe regulations to carry out this Act; and

(2) by regulation define terms as necessary to carry out this Act.

(h) COORDINATION OF EXAMINATION AUTHORITY.—

(1) STATE BANK SUPERVISORS OF HOME AND HOST STATES.—

(A) HOME STATE OF BANK.—The appropriate State bank supervisor of the home State of an insured State bank has authority to examine and supervise the bank.

(B) HOST STATE BRANCHES.—The State bank supervisor of the home State of an insured State bank and any State bank supervisor of an appropriate host State shall exercise its respective authority to supervise and examine the branches of the bank in a host State in accordance with the terms of any applicable cooperative agreement between the home State bank supervisor and the State bank supervisor of the relevant host State.

(C) SUPERVISORY FEES.—Except as expressly provided in a cooperative agreement between the State bank supervisors of the home State and any host State of an insured State bank, only the State bank supervisor of the home State of an insured State bank may levy or charge State supervisory fees on the bank.

(2) HOST STATE EXAMINATION.—

(A) IN GENERAL.—With respect to a branch operated in a host State by an out-of-State insured State bank that resulted from an interstate merger transaction approved under section 44, or that was established in such State pursuant to section 5155(g) of the Revised Statutes of the United States, the third undesignated paragraph of section 9 of the Federal Reserve Act or section 18(d)(4) of this Act, the appropriate State bank supervisor of such host State may—

(i) with written notice to the State bank supervisor of the bank's home State and subject to the terms of any applicable cooperative agreement with the State bank supervisor of such home State, examine such branch for the purpose of determining compliance with host State laws that are applicable pursuant to section 24(j), including those that govern community reinvestment, fair lending, and consumer protection; and

(ii) if expressly permitted under and subject to the terms of a cooperative agreement with the State bank supervisor of the bank's home State or if such out-of-State insured State bank has been determined to be in a troubled condition by either the State bank supervisor of the bank's home State or the bank's appropriate Federal banking agency, participate in the examination of the bank by the State bank supervisor of the bank's home State to ascertain that the activities of the branch in such host State are not conducted in an unsafe or unsound manner.

(B) NOTICE OF DETERMINATION.—

(i) IN GENERAL.—The State bank supervisor of the home State of an insured State bank shall notify the State bank supervisor of each host State of the bank if there has been a final determination that the bank is in a troubled condition.

(ii) TIMING OF NOTICE.—The State bank supervisor of the home State of an insured State bank shall provide notice under clause (i) as soon as is reasonably possible, but in all cases not later than 15 business days after the date on which the State bank supervisor has made such final determination or has received written notification of such final determination.

(3) HOST STATE ENFORCEMENT.—If the State bank supervisor of a host State determines that a branch of an out-of-State insured State bank is violating any law of the host State that is applicable to such branch pursuant to section 24(j), including a law that governs community reinvestment, fair lending, or consumer protection, the State bank supervisor of the host State or, to the extent authorized by the law of the host State, a host State law enforcement officer may, with written notice to the State bank supervisor of the bank's home State and subject to the terms of any applicable cooperative agreement with the State bank supervisor of the bank's home State, undertake such enforcement actions and proceedings as would be permitted under the law of the host State as if the branch were a bank chartered by that host State.

(4) COOPERATIVE AGREEMENT.—

(A) IN GENERAL.—The State bank supervisors from 2 or more States may enter into cooperative agreements to facilitate State regulatory supervision of State banks, including cooperative agreements relating to the coordination of examinations and joint participation in examinations.

(B) DEFINITION.—For purposes of this subsection, the term "cooperative agreement" means a written agreement that is signed by the home State bank supervisor and the host State bank supervisor to facilitate State regulatory supervision of State banks, and includes nationwide or multi-State cooperative agreements and cooperative agreements solely between the home State and host State.

(C) RULE OF CONSTRUCTION.—Except for State bank supervisors, no provision of this subsection relating to such cooperative agreements shall be construed as limiting in any way the authority of home State and host State law enforcement officers, regulatory supervisors, or other officials that have not signed such cooperative agreements to enforce host State laws that are applicable to a branch of an out-of-State insured State bank located in the host State pursuant to section 24(j).

(5) FEDERAL REGULATORY AUTHORITY.—No provision of this subsection shall be construed as limiting in any way the authority of any Federal banking agency.

(6) STATE TAXATION AUTHORITY NOT AFFECTED.—No provision of this subsection shall be construed as affecting the authority of any State or political subdivision of any State to adopt, apply, or administer any tax or method of taxation to any bank, bank holding company, or foreign bank, or any affiliate of any bank, bank holding company, or foreign bank, to the extent that such tax or tax method is otherwise permissible by or under the Constitution of the United States or other Federal law.

(7) DEFINITIONS.—For purpose of this section, the following definitions shall apply:

(A) HOST STATE, HOME STATE, OUT-OF-STATE BANK.—The terms "host State", "home State", and "out-of-State bank" have the same meanings as in section 44(g).

(B) STATE SUPERVISORY FEES.—The term "State supervisory fees" means assessments, examination fees, branch fees, license fees, and all other fees that are levied or charged by a State bank supervisor directly upon an insured State bank or upon branches of an insured State bank.

(C) TROUBLED CONDITION.—Solely for purposes of paragraph (2)(B), an insured State bank has been determined to be in "troubled condition" if the bank—

(i) has a composite rating, as determined in its most recent report of examination, of 4 or 5 under the Uniform Financial Institutions Ratings System;

(ii) is subject to a proceeding initiated by the Corporation for termination or suspension of deposit insurance; or

(iii) is subject to a proceeding initiated by the State bank supervisor of the bank's home State to vacate, revoke, or terminate the charter of the bank, or to liquidate the bank, or to appoint a receiver for the bank.

(D) FINAL DETERMINATION.—For purposes of paragraph (2)(B), the term "final determination" means the transmittal of a report of examination to the bank or transmittal of official notice of proceedings to the bank.

(i) FLOOD INSURANCE COMPLIANCE BY INSURED DEPOSITORY INSTITUTIONS.—

(1) EXAMINATIONS.—The appropriate Federal banking agency shall, during each scheduled on-site examination required by this section, determine whether the insured depository institution is complying with the requirements of the national flood insurance program.

(2) REPORT.—

(A) REQUIREMENT.—Not later than 1 year after the date of enactment of the Riegle Community Development and Regulatory Improvement Act of 1994 and biennially thereafter for the next 4 years, each appropriate Federal banking agency shall submit a report to the Congress on compliance by insured depository institutions with the requirements of the national flood insurance program.

(B) CONTENTS.—Each report submitted under this paragraph shall include a description of the methods used to determine compliance, the number of institutions examined during the reporting year, a listing and total number of institutions found not to be in compliance, actions taken to correct incidents of noncompliance, and an analysis of compliance, including a discussion of any trends, patterns, and problems, and recommendations regarding reasonable actions to improve the efficiency of the examinations processes.

(j) CONSULTATION AMONG EXAMINERS.—

(1) IN GENERAL.—Each appropriate Federal banking agency shall take such action as may be necessary to ensure that examiners employed by the agency—

(A) consult on examination activities with respect to any depository institution; and

(B) achieve an agreement and resolve any inconsistencies in the recommendations to be given to such institution as a consequence of any examinations.

(2) EXAMINER-IN-CHARGE.—Each appropriate Federal banking agency shall consider appointing an examiner-in-charge with respect to a depository institution to ensure consultation on examination activities among all of the examiners of that agency involved in examinations of the institution.

(k) ONE-YEAR RESTRICTIONS ON FEDERAL EXAMINERS OF FINANCIAL INSTITUTIONS.—

(1) IN GENERAL.—In addition to other applicable restrictions set forth in title 18, United States Code, the penalties set forth in paragraph (6) of this subsection shall apply to any person who—

(A) was an officer or employee (including any special Government employee) of a Federal banking agency or a Federal reserve bank;

(B) served 2 or more months during the final 12 months of his or her employment with such agency or entity as the senior examiner (or a functionally equivalent position) of a depository institution or depository institution holding company with continuing, broad responsibility for the examination (or inspection) of that depository institution or depository institution holding company on behalf of the relevant agency or Federal reserve bank; and

(C) within 1 year after the termination date of his or her service or employment with such agency or entity, knowingly accepts compensation as an employee, officer, director, or consultant from—

(i) such depository institution, any depository institution holding company that controls such depository institution, or any other company that controls such depository institution; or

(ii) such depository institution holding company or any depository institution that is controlled by such depository institution holding company.

(2) DEFINITIONS.—For purposes of this subsection—

(A) the term "depository institution" includes an uninsured branch or agency of a foreign bank, if such branch or agency is located in any State; and

(B) the term "depository institution holding company" includes any foreign bank or company described in section 8(a) of the International Banking Act of 1978.

(3) RULES OF CONSTRUCTION.—For purposes of this subsection, a foreign bank shall be deemed to control any branch or agency of the foreign bank, and a person shall be deemed to act as a consultant for a depository institution, depository institution holding company, or other company, only if such person directly works on matters for, or on behalf of, such depository institution, depository institution holding company, or other company.

(4) REGULATIONS.—

(A) IN GENERAL.—Each Federal banking agency shall prescribe rules or regulations to administer and carry out this subsection, including rules, regulations, or guidelines to define the scope of persons referred to in paragraph (1)(B).

(B) CONSULTATION REQUIRED.—The Federal banking agencies shall consult with each other for the purpose of assuring that the rules and regulations issued by the agencies under subparagraph (A) are, to the extent possible, consistent, comparable, and practicable, taking into account any differences in the supervisory programs utilized by the agencies for the supervision of depository institutions and depository institution holding companies.

(5) WAIVER.—

(A) AGENCY AUTHORITY.—A Federal banking agency may grant a waiver, on a case by case basis, of the restriction imposed by this subsection to any officer or employee (in-

cluding any special Government employee) of that agency, and the Board of Governors of the Federal Reserve System may grant a waiver of the restriction imposed by this subsection to any officer or employee of a Federal reserve bank, if the head of such agency certifies in writing that granting the waiver would not affect the integrity of the supervisory program of the relevant Federal banking agency.

(B) DEFINITION.—For purposes of this paragraph, the head of an agency is—

(i) the Comptroller of the Currency, in the case of the Office of the Comptroller of the Currency;

(ii) the Chairman of the Board of Governors of the Federal Reserve System, in the case of the Board of Governors of the Federal Reserve System; and

(iii) the Chairperson of the Board of Directors, in the case of the Corporation.

(6) PENALTIES.—

(A) IN GENERAL.—In addition to any other administrative, civil, or criminal remedy or penalty that may otherwise apply, whenever a Federal banking agency determines that a person subject to paragraph (1) has become associated, in the manner described in paragraph (1)(C), with a depository institution, depository institution holding company, or other company for which such agency serves as the appropriate Federal banking agency, the agency shall impose upon such person one or more of the following penalties:

(i) INDUSTRY-WIDE PROHIBITION ORDER.—The Federal banking agency shall serve a written notice or order in accordance with and subject to the provisions of section 8(e)(4) for written notices or orders under paragraph (1) or (2) of section 8(e), upon such person of the intention of the agency—

(I) to remove such person from office or to prohibit such person from further participation in the conduct of the affairs of the depository institution, depository institution holding company, or other company for a period of up to 5 years; and

(II) to prohibit any further participation by such person, in any manner, in the conduct of the affairs of any insured depository institution for a period of up to 5 years.

(ii) CIVIL MONETARY PENALTY.—The Federal banking agency may, in an administrative proceeding or civil action in an appropriate United States district court, impose on such person a civil monetary penalty of not more than $250,000. Any administrative proceeding under this clause shall be conducted in accordance with section 8(i). In lieu of an action by the Federal banking agency under this clause, the Attorney General of the United States may bring a civil action under this clause in the appropriate United States district court.

(B) SCOPE OF PROHIBITION ORDER.—Any person subject to an order issued under subparagraph (A)(i) shall be subject to paragraphs (6) and (7) of section 8(e) in the same manner and to the same extent as a person subject to an order issued under such section.

(C) DEFINITIONS.—Solely for purposes of this paragraph, the "appropriate Federal banking agency" for a company that is not a depository institution or depository institution holding company shall be the Federal banking agency on whose behalf the person described in paragraph (1) performed the functions described in paragraph (1)(B).

* * * * * * *

FEDERAL CREDIT UNION ACT

* * * * * * *

TITLE II—SHARE INSURANCE

* * * * * * *

EXAMINATION OF INSURED CREDIT UNIONS

SEC. 204. (a) The Board shall appoint examiners who shall have power, on its behalf, to examine any insured credit union, any credit union making application for insurance of its member accounts, or any closed insured credit union whenever in the judgment of the Board an examination is necessary to determine the condition of any such credit union for insurance purposes. Each examiner shall have power to make a thorough examination of all of the affairs of the credit union and shall make a full and detailed report of the condition of the credit union to the Board. The Board in like manner shall appoint claim agents who shall have power to investigate and examine all claims for insured member accounts. Each claim agent shall have power to administer oaths and affirmations, to examine and to take and preserve testimony under oath as to any matter in respect to claims for insured accounts, and to issue subpenas and subpenas duces tecum and, for the enforcement thereof, to apply to the United States district court for the judicial district or the United States court in any territory in which the principal office of the credit union is located or in which the witness resides or carries on business. Such courts shall have jurisdiction and power to order and require compliance with any such subpena.

(b) In connection with examinations of insured credit unions, or with other types of investigations to determine compliance with applicable law and regulations, the Board, or its designated representatives, shall have power to administer oaths and affirmations, to examine and to take and preserve testimony under oath as to any matter in respect of the affairs of any such credit union, and to issue subpenas and subpenas duces tecum and to exercise such other powers as are set forth in section 206(p) and, for the enforcement thereof, to apply to the United States district court for the judicial district or the United States court in any territory in which the principal office of the credit union is located or in which the witness resides or carries on business. Such courts shall have

jurisdiction and power to order and require compliance with any such subpena.

(c) In cases of refusal to obey a subpena issued to, or contumacy by, any person, the Board may invoke the aid of any court of the United States within the jurisdiction of which such hearing, examination, or investigation is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, records, or other papers. Such court may issue an order requiring such person to appear before the Board, or before a person designated by them, there to produce records, if so ordered, or to give testimony touching the matter in question. Any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or carries on business or wherever he may be found. No person shall be excused from attending and testifying or from producing books, records, or other papers in obedience to a subpena issued under the authority of this title on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture, but no individual shall be prosecuted or subject to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled to testify or produce evidence, documentary or otherwise, after having claimed his privilege against self-incrimination, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

(d) The Administration may accept any report of examination made by or to any commission, board, or authority having supervision of a State-chartered credit union and may furnish to any such commission, board, or authority reports of examination made on behalf of the Board.

(e) FLOOD INSURANCE COMPLIANCE BY INSURED CREDIT UNIONS.—

(1) EXAMINATION.—The Board shall, during each examination conducted under this section, determine whether the insured credit union is complying with the requirements of the national flood insurance program.

(2) REPORT.—

(A) REQUIREMENT.—Not later than 1 year after the date of enactment of the Riegle Community Development and Regulatory Improvement Act of 1994 and biennially thereafter for the next 4 years, the Board shall submit a report to the Congress on compliance by insured credit unions with the requirements of the national flood insurance program.

(B) CONTENTS.—The report shall include a description of the methods used to determine compliance, the number of insured credit unions examined during the reporting year, a listing and total number of insured credit unions found not to be in compliance, actions taken to correct incidents of noncompliance, and an analysis of compliance, including a discussion of any trends, patterns, and problems, and recommendations regarding reasonable actions to improve the efficiency of the examinations processes.

(f) ACCESS TO LIQUIDITY.—The Board shall—

(1) periodically assess the potential liquidity needs of each insured credit union, and the options that the credit union has available for meeting those needs; and

(2) periodically assess the potential liquidity needs of insured credit unions as a group, and the options that insured credit unions have available for meeting those needs.

(g) SHARING INFORMATION WITH FEDERAL RESERVE BANKS.—The Board shall, for the purpose of facilitating insured credit unions' access to liquidity, make available to the Federal reserve banks (subject to appropriate assurances of confidentiality) information relevant to making advances to such credit unions, including the Board's reports of examination.

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

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

(A) ALTERNATING LIMITED-SCOPE EXAMINATIONS.—After an insured credit union receives a full-scope, on-site examination from the National Credit Union Administration, the next examination of the insured credit union by the National Credit Union Administration shall be a limited-scope examination, as determined by the National Credit Union Administration.

(B) COMBINED EXAMINATIONS.—If an insured credit union is otherwise subject to separate safety and soundness examinations, consumer compliance examinations, and information technology and cybersecurity examinations, the National Credit Union Administration shall, upon request of the insured credit union, combine two or three such examinations, as specified by the insured credit union, and carry them out at the same time.

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

(3) RULEMAKING.—Not later than 12 months after the date of enactment of this subsection, the National Credit Union Administration shall issue rules to carry out paragraph (1), including, with respect to an insured credit union described under paragraph (1), to—

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

(B) establish procedures for reviewing insured credit unions that—

(i) experience material changes in financial condition or operational risk profile between scheduled examinations; or

(ii) have failed to comply with Federal or State banking laws and regulations; and

(C) balance the goals of streamlining the examination cycle for individual insured credit unions and reducing unnecessary regulatory burdens while maintaining sufficient oversight to ensure the continued safety and soundness of

the insured credit unions and compliance with all applicable laws and regulations.

(4) RULE OF CONSTRUCTION.—Nothing in this subsection may be construed to limit the authority of the National Credit Union Administration to conduct off-site monitoring, targeted reviews, or additional full-scope, on-site examinations of an insured credit union if the National Credit Union Administration determines such monitoring, reviews, or examinations are necessary to ensure safety and soundness or compliance with applicable laws.

(5) DEFINITIONS.—In this paragraph:

(A) CONSUMER COMPLIANCE EXAMINATION.—The term "consumer compliance examination" means an examination to assess compliance with the requirements of Federal consumer financial law (as such term is defined in section 1002 of the Consumer Financial Protection Act of 2010).

(B) WELL CAPITALIZED.—The term "well capitalized" has the meaning given that term in section 216(c).

(C) WELL MANAGED.—With respect to an insured credit union, the term "well managed" means that, when the credit union was most recently examined by the National Credit Union Administration, the credit union was found to be well managed, and the credit union's composite condition was found to be satisfactory or outstanding.

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

(1) ensure the examination is led by, to the maximum extent practicable, an examiner with significant experience as an examiner;

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

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

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

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

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

(2) aggregate data summarizing the Administration's examination practices with respect to insured credit unions with less than $6,000,000,000 in total assets, including—

(A) the average experience of examiners, including the average number of years of examiner experience of those who lead on-site examinations;

(B) the average number of examiners utilized; and

(C) the average amount of time the Administration spends visiting such credit unions for on-site examinations.

* * * * * * *

○