**Section 185.450 Very Small Credit Union Examination Procedures**

a) At the time of examination any credit union that satisfies either of the following eligibility standards as shown in its Year-end Call report and other related documentation may elect to use the Very Small Credit Union Examination Procedures set forth in 185.APPENDIX D:

1) Total assets less than $25,000,000; or

2) Total assets less than $100,000,000 that lent or originated less than 50 residential mortgage loans reportable under the Home Mortgage Disclosure Act in the previous calendar year. The $100,000,000 threshold shall be adjusted based on amendments made by the National Credit Union Administration from time to time in its definition of "small entity" for purposes of the federal Regulatory Flexibility Act (5 U.S.C. Section 601, et seq.). For purposes of this subsection (a)(2), "lent" or "originated" means the credit union was responsible for underwriting, making credit decisions for, issuing commitments for, or funding for the residential mortgage loan; "residential mortgage loan" means any loan primarily for personal, family or household use that is secured by a mortgage, deed or trust or other equivalent consensual security interest on a dwelling or residential real estate upon which is constructed or intended to be constructed a dwelling; and "dwelling" means a residential structure or mobile home which contains one to four family housing units or individual units of condominiums or cooperatives. For purposes of this subsection (a)(2), "lent" or "originated" does not include the performance of brokerage or referral activities.

b) For any credit union which elects to use the Very Small Credit Union Examination Procedures set forth in 185.APPENDIX D, the Secretary shall apply the assessment factors, as provided in Section 185.200. The written evaluation shall comply with all requirements for a written evaluation set forth in Section 15(b) of the ILCRA.

c) Any credit union which receives an overall rating of "substantial noncompliance" on its last examination shall not be eligible to use the Very Small Credit Union Examination Procedures set forth in 185.APPENDIX D on its next examination.

d) Nothing contained in this Section, prohibits the Secretary from considering other sources of information including, but not limited to, evidence of discriminatory or other illegal credit practices, or public comments in assessing whether a credit union is meeting the financial services needs of local communities pursuant to Section 185.200.

e) The Very Small Credit Union Examination Procedures set forth in 185.APPENDIX D shall in no way limit public participation.

f) A credit union electing to use the Very Small Credit Union Examination Procedures set forth in 185.APPENDIX D does not affect the credit union's obligation, if any, to report data as required by Section 185.410.

g) A credit union electing to use the Very Small Credit Union Examination Procedures set forth in 185.APPENDIX D does not affect the credit union's obligation to maintain an ILCRA file as required by Section 185.420.

h) A credit union that elects to use the Very Small Credit Union Examination Procedures set forth in 185.APPENDIX D shall have at least three months to complete the examination. The credit union shall have the opportunity to review its proposed examination response with an examiner prior to the due date.