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**U.S. HOUSE COMMITTEE ON FINANCIAL SERVICES**  
**– CHAIRWOMAN MAXINE WATERS –**  
**THE PROMOTING AND ADVANCING COMMUNITIES OF COLOR**  
**THROUGH INCLUSIVE LENDING ACT**

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During the COVID-19 pandemic, Community Development Financial Institutions (CDFIs) and minority depository institutions (MDIs) have delivered needed capital and relief to underserved communities, many of which have borne a disproportionate impact of the COVID-19 pandemic. For example, through July 31, CDFIs and MDIs have provided more than \$16.2 billion in Paycheck Protection Program (PPP) loans to small businesses with a smaller median loan size of about \$75,000 compared to the overall program median loan size of \$103,000.<sup>1</sup> In addition to establishing relief funds and services for local businesses and individuals experiencing loss of income, CDFIs and MDIs have provided mortgage forbearances, loan deferments, and modifications to help address the needs of their borrowers. The House Financial Services Committee has held three hearings examining the importance of MDIs and CDFIs. As communities of color continue to be harmed by the COVID-19 pandemic, the “Promoting and Advancing Communities of Color Through Inclusive Lending Act,” would build on the Committee’s work to support CDFIs and MDIs by helping to increase lending in minority communities, including to small businesses and minority-owned businesses, which have been hardest hit:

- **Emergency Funding to the CDFI Fund.** The bill requires the Department of Treasury Secretary to allocate \$5 billion to the CDFI Fund, \$2 billion or 40% of which is reserved for minority-owned CDFIs, utilizing existing funds provided under the CARES Act.
- **Supporting Minority CDFIs.** The bill establishes a permanent set aside of 40% of CDFI Fund appropriations be reserved for award, guarantee, and grant programs for minority lending institutions, and require reporting on such activities.
- **New Office of Minority CDFIs.** The bill also establishes a new Office of Minority Community Development Financial Institutions to administer these funds led by a new Deputy Director of Minority Community Development Financial Institutions.
- **Capital Investments to CDFIs and MDIs.** The bill directs the Department of Treasury to provide up to \$10 billion in capital to CDFIs, MDIs, and impact banks and credit unions who primarily serve low-income, underserved communities, utilizing existing funds provided by the CARES Act.
- **Provides CDFIs Easier Access to Long-Term Financing.** The bill temporarily lowers the minimum issuance amounts under the CDFI Bond Guarantee Program from \$100 million to \$25 million and then revises it permanently to \$50 million to further support community development projects in low-income urban and rural communities.
- **Strengthening MDIs and Impact Banks.** The bill strengthens MDIs and “impact banks” that predominantly serve low-income borrowers through partnerships, technical assistance, and Federal government deposits.
- **Expanding Opportunity for MDIs:** The bill would codify the Financial Agent Mentor-Protégé Program within the Department of the Treasury. The program provides participating minority depository institutions and small financial institutions with mentorship opportunities with larger financial institutions.

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<sup>1</sup> SBA, Paycheck Protection Program (PPP) Report (July 31, 2020), [https://www.sba.gov/sites/default/files/2020-08/PPP\\_Report\\_Public%20-%202020-08-01-508.pdf](https://www.sba.gov/sites/default/files/2020-08/PPP_Report_Public%20-%202020-08-01-508.pdf)