



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

Sec. 1. Short title; Table of contents.

Sec. 2. Findings; Sense of Congress. This section provides key findings and a Sense of Congress on the urgent need to support Community Development Financial Institutions (CDFIs) and minority depository institutions (MDIs) during and after the pandemic as they continue to serve consumers, small businesses, and minority-owned businesses, especially in low-income and minority communities.

Sec. 3. Strengthening Minority Community Development Financial Institutions. This section would require 40 percent of all CDFI Fund appropriations be reserved for awards and other assistance for minority CDFIs, and require reporting on such activities. It would establish an Office of Minority Community Development Financial Institutions to administer these funds led by a new Deputy Director of Minority Community Development Financial Institutions.

Sec. 4. Community Development Financial Institutions Fund. This section would authorize \$5 billion to be appropriated to the CDFI Fund for fiscal years 2020 and 2021, reserving \$2 billion for minority-led and -owned lending institutions.

Sec. 5. Minimum issuance amounts under the CDFI Bond Guarantee Program. This section would reduce the CDFI Bond Guarantee Program minimum issuance threshold from \$100 million to \$25 million for fiscal year 2020, then \$50 million for future fiscal years.

Sec. 6. Community Capital Investment and Loan Programs. This section would establish a Community Capital Investment Program to provide Tier 1 capital investments and interest-free loans to MDIs, CDFIs, impact banks and credit unions serving low-income communities. Applicants must provide a Community Investment Plan outlining how they intend to use the capital investments and loans to support small businesses, minority-owned businesses, and consumers, especially in low-income and underserved communities. Recipients may collect demographic data from consumers and small businesses to ensure compliance with the plan and to help Treasury analyze the effectiveness of the program, as required under Section 9. This section also requires that any entity that receives an equity investment may not make any loan that exceeds 36 percent annualized percentage rate (APR), as determined under the Military Lending Act, for the duration of the investment.

Sec. 7. Ensuring Diversity in Community Banking. This section would establish or modify requirements relating to MDIs, CDFIs, and “impact banks” (banks with less than \$10 billion in assets that make a majority of their loans to low-income borrowers), including the following:

- Encouraging Federal Government-held deposits in MDIs;
- Requiring diversity reports and best practices from each prudential regulator’s Office of Minority and Women Inclusion (OMWI) on their bank examiner corps;
- Modifying the Federal Deposit Insurance Act to encourage investments in MDIs and impact banks;
- Providing de novo MDIs and impact banks 3 years to build capital, while requiring agencies to study and provide recommendations to encourage the formation of new MDIs;
- Requiring a periodic study on the Treasury Department’s mentor-protégé program to encourage more partnerships between large banks and MDIs;

- Promote information sharing between the CDFI Fund and the FDIC for purposes of granting CDFI certification, and approving de novo bank applications;
- Creating a Small Business Administration task force focused on MDIs and CDFIs; and,
- Sense of Congress to encourage the funding of the CDFI Fund's Loan-Loss Reserve Fund to support small dollar loans.

Sec. 8. Establishment of Financial Agent Mentor-Protégé Program. This section would codify the Financial Agent Mentor-Protégé Program within the Department of the Treasury. The program provides mentorship opportunities to participating MDIs and small financial institutions with larger financial institutions.

- **Sec. 9. Study and Report on Impact of Programs in LMI and Minority Communities.** This section requires the Treasury Secretary to conduct a study of the impact of the programs established under this Act on low-and moderate-income and minority communities. Not later than 18 months after the date of enactment, the Secretary shall submit to Congress a report on the results of the study, which shall include, to the extent possible, the results of the study disaggregated by racial and ethnic group.

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