

[DISCUSSION DRAFT]

117TH CONGRESS
1ST SESSION

H. R. _____

To make reforms to provide support for minority depository institutions, community development financial institutions, and minority lending institutions to promote and advance communities of color through inclusive lending.

IN THE HOUSE OF REPRESENTATIVES

Ms. WATERS introduced the following bill; which was referred to the Committee on _____

A BILL

To make reforms to provide support for minority depository institutions, community development financial institutions, and minority lending institutions to promote and advance communities of color through inclusive lending.

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 “Promoting and Ad-
5 vancing Communities of Color through Inclusive Lending
6 Act”.

1 **SEC. 2. ENSURING DIVERSITY IN COMMUNITY BANKING.**

2 (a) SENSE OF CONGRESS ON FUNDING THE LOAN-
3 LOSS RESERVE FUND FOR SMALL DOLLAR LOANS.—The
4 sense of Congress is the following:

5 (1) The Community Development Financial In-
6 stitutions Fund (the “CDFI Fund”) is an agency of
7 the Department of the Treasury, and was estab-
8 lished by the Riegle Community Development and
9 Regulatory Improvement Act of 1994. The mission
10 of the CDFI Fund is “to expand economic oppor-
11 tunity for underserved people and communities by
12 supporting the growth and capacity of a national
13 network of community development lenders, inves-
14 tors, and financial service providers”. A community
15 development financial institution (a “CDFI”) is a
16 specialized financial institution serving low-income
17 communities and a Community Development Entity
18 (a “CDE”) is a domestic corporation or partnership
19 that is an intermediary vehicle for the provision of
20 loans, investments, or financial counseling in low-in-
21 come communities. The CDFI Fund certifies CDFIs
22 and CDEs. Becoming a certified CDFI or CDE al-
23 lows organizations to participate in various CDFI
24 Fund programs as follows:

25 (A) The Bank Enterprise Award Program,
26 which provides FDIC-insured depository institu-

1 tions awards for a demonstrated increase in
2 lending and investments in distressed commu-
3 nities and CDFIs.

4 (B) The CDFI Program, which provides
5 Financial and Technical Assistance awards to
6 CDFIs to reinvest in the CDFI, and to build
7 the capacity of the CDFI, including financing
8 product development and loan loss reserves.

9 (C) The Native American CDFI Assistance
10 Program, which provides CDFIs and spon-
11 soring entities Financial and Technical Assist-
12 ance awards to increase lending and grow the
13 number of CDFIs owned by Native Americans
14 to help build capacity of such CDFIs.

15 (D) The New Market Tax Credit Program,
16 which provides tax credits for making equity in-
17 vestments in CDEs that stimulate capital in-
18 vestments in low-income communities.

19 (E) The Capital Magnet Fund, which pro-
20 vides awards to CDFIs and nonprofit affordable
21 housing organizations to finance affordable
22 housing solutions and related economic develop-
23 ment activities.

24 (F) The Bond Guarantee Program, a
25 source of long-term, patient capital for CDFIs

1 to expand lending and investment capacity for
2 community and economic development purposes.

3 (2) The Department of the Treasury is author-
4 ized to create multi-year grant programs designed to
5 encourage low-to-moderate income individuals to es-
6 tablish accounts at federally insured banks, and to
7 improve low-to-moderate income individuals' access
8 to such accounts on reasonable terms.

9 (3) Under this authority, grants to participants
10 in CDFI Fund programs may be used for loan-loss
11 reserves and to establish small-dollar loan programs
12 by subsidizing related losses. These grants also allow
13 for the providing recipients with the financial coun-
14 seling and education necessary to conduct trans-
15 actions and manage their accounts. These loans pro-
16 vide low-cost alternatives to payday loans and other
17 nontraditional forms of financing that often impose
18 excessive interest rates and fees on borrowers, and
19 lead millions of Americans to fall into debt traps.
20 Small-dollar loans can only be made pursuant to
21 terms, conditions, and practices that are reasonable
22 for the individual consumer obtaining the loan.

23 (4) Program participation is restricted to eligi-
24 ble institutions, which are limited to organizations
25 listed in section 501(c)(3) of the Internal Revenue

1 Code and exempt from tax under 501(a) of such
2 Code, federally insured depository institutions, com-
3 munity development financial institutions and State,
4 local, or Tribal government entities.

5 (5) Since its founding, the CDFI Fund has
6 awarded over \$3,300,000,000 to CDFIs and CDEs,
7 allocated \$54,000,000,000 in tax credits, and
8 \$1,510,000,000 in bond guarantees. According to
9 the CDFI Fund, some programs attract as much as
10 \$10 in private capital for every \$1 invested by the
11 CDFI Fund. The Administration and the Congress
12 should prioritize appropriation of funds for the loan
13 loss reserve fund and technical assistance programs
14 administered by the Community Development Finan-
15 cial Institution Fund.

16 (b) DEFINITIONS.—In this section:

17 (1) COMMUNITY DEVELOPMENT FINANCIAL IN-
18 STITUTION.—The term “community development fi-
19 nancial institution” has the meaning given under
20 section 103 of the Riegle Community Development
21 and Regulatory Improvement Act of 1994 (12
22 U.S.C. 4702).

23 (2) MINORITY DEPOSITORY INSTITUTION.—The
24 term “minority depository institution” has the
25 meaning given under section 308 of the Financial

1 Institutions Reform, Recovery, and Enforcement Act
2 of 1989 (12 U.S.C. 1463 note).

3 (c) ESTABLISHMENT OF IMPACT BANK DESIGNA-
4 TION.—

5 (1) IN GENERAL.—Each Federal banking agen-
6 cy shall establish a program under which a deposi-
7 tory institution with total consolidated assets of less
8 than \$10,000,000,000 may elect to be designated as
9 an impact bank if the total dollar value of the loans
10 extended by such depository institution to low-in-
11 come borrowers is greater than or equal to 50 per-
12 cent of the assets of such bank.

13 (2) NOTIFICATION OF ELIGIBILITY.—Based on
14 data obtained through examinations of depository in-
15 stitutions, the appropriate Federal banking agency
16 shall notify a depository institution if the institution
17 is eligible to be designated as an impact bank.

18 (3) APPLICATION.—Regardless of whether or
19 not it has received a notice of eligibility under para-
20 graph (2), a depository institution may submit an
21 application to the appropriate Federal banking agen-
22 cy—

23 (A) requesting to be designated as an im-
24 pact bank; and

1 (B) demonstrating that the depository in-
2 stitution meets the applicable qualifications.

3 (4) LIMITATION ON ADDITIONAL DATA RE-
4 QUIREMENTS.—The Federal banking agencies may
5 only impose additional data collection requirements
6 on a depository institution under this subsection if
7 such data is—

8 (A) necessary to process an application
9 submitted by the depository institution to be
10 designated an impact bank; or

11 (B) with respect to a depository institution
12 that is designated as an impact bank, necessary
13 to ensure the depository institution’s ongoing
14 qualifications to maintain such designation.

15 (5) REMOVAL OF DESIGNATION.—If the appro-
16 priate Federal banking agency determines that a de-
17 pository institution designated as an impact bank no
18 longer meets the criteria for such designation, the
19 appropriate Federal banking agency shall rescind
20 the designation and notify the depository institution
21 of such rescission.

22 (6) RECONSIDERATION OF DESIGNATION; AP-
23 PEALS.—Under such procedures as the Federal
24 banking agencies may establish, a depository institu-
25 tion may—

1 (A) submit to the appropriate Federal
2 banking agency a request to reconsider a deter-
3 mination that such depository institution no
4 longer meets the criteria for the designation; or

5 (B) file an appeal of such determination.

6 (7) RULEMAKING.—Not later than 1 year after
7 the date of the enactment of this Act, the Federal
8 banking agencies shall jointly issue rules to carry
9 out the requirements of this subsection, including by
10 providing a definition of a low-income borrower.

11 (8) REPORTS.—Each Federal banking agency
12 shall submit an annual report to the Congress con-
13 taining a description of actions taken to carry out
14 this subsection.

15 (9) FEDERAL DEPOSIT INSURANCE ACT DEFINI-
16 TIONS.—In this subsection, the terms “depository
17 institution”, “appropriate Federal banking agency”,
18 and “Federal banking agency” have the meanings
19 given such terms, respectively, in section 3 of the
20 Federal Deposit Insurance Act (12 U.S.C. 1813).

21 (d) MINORITY DEPOSITORIES ADVISORY COMMIT-
22 TEES.—

23 (1) ESTABLISHMENT.—Each covered regulator
24 shall establish an advisory committee to be called the
25 “Minority Depositories Advisory Committee”.

1 (2) DUTIES.—Each Minority Depositories Advi-
2 sory Committee shall provide advice to the respective
3 covered regulator on meeting the goals established
4 by section 308 of the Financial Institutions Reform,
5 Recovery, and Enforcement Act of 1989 (12 U.S.C.
6 1463 note) to preserve the present number of cov-
7 ered minority institutions, preserve the minority
8 character of minority-owned institutions in cases in-
9 volving mergers or acquisitions, provide technical as-
10 sistance, and encourage the creation of new covered
11 minority institutions. The scope of the work of each
12 such Minority Depositories Advisory Committee shall
13 include an assessment of the current condition of
14 covered minority institutions, what regulatory
15 changes or other steps the respective agencies may
16 be able to take to fulfill the requirements of such
17 section 308, and other issues of concern to covered
18 minority institutions.

19 (3) MEMBERSHIP.—

20 (A) IN GENERAL.—Each Minority Deposi-
21 tories Advisory Committee shall consist of no
22 more than 10 members, who—

23 (i) shall serve for one two-year term;

24 (ii) shall serve as a representative of
25 a depository institution or an insured cred-

1 it union with respect to which the respec-
2 tive covered regulator is the covered regu-
3 lator of such depository institution or in-
4 sured credit union; and

5 (iii) shall not receive pay by reason of
6 their service on the advisory committee,
7 but may receive travel or transportation
8 expenses in accordance with section 5703
9 of title 5, United States Code.

10 (B) DIVERSITY.—To the extent prac-
11 ticable, each covered regulator shall ensure that
12 the members of the Minority Depositories Advi-
13 sory Committee of such agency reflect the di-
14 versity of covered minority institutions.

15 (4) MEETINGS.—

16 (A) IN GENERAL.—Each Minority Deposi-
17 tories Advisory Committee shall meet not less
18 frequently than twice each year.

19 (B) NOTICE AND INVITATIONS.—Each Mi-
20 nority Depositories Advisory Committee shall—

21 (i) notify the Committee on Financial
22 Services of the House of Representatives
23 and the Committee on Banking, Housing,
24 and Urban Affairs of the Senate in ad-

1 vance of each meeting of the Minority De-
2 positories Advisory Committee; and

3 (ii) invite the attendance at each
4 meeting of the Minority Depositories Advi-
5 sory Committee of—

6 (I) one member of the majority
7 party and one member of the minority
8 party of the Committee on Financial
9 Services of the House of Representa-
10 tives and the Committee on Banking,
11 Housing, and Urban Affairs of the
12 Senate; and

13 (II) one member of the majority
14 party and one member of the minority
15 party of any relevant subcommittees
16 of such committees.

17 (5) NO TERMINATION OF ADVISORY COMMIT-
18 TEES.—The termination requirements under section
19 14 of the Federal Advisory Committee Act (5 U.S.C.
20 app.) shall not apply to a Minority Depositories Ad-
21 visory Committee established pursuant to this sub-
22 section.

23 (6) DEFINITIONS.—In this subsection:

24 (A) COVERED REGULATOR.—The term
25 “covered regulator” means the Comptroller of

1 the Currency, the Board of Governors of the
2 Federal Reserve System, the Federal Deposit
3 Insurance Corporation, and the National Credit
4 Union Administration.

5 (B) COVERED MINORITY INSTITUTION.—
6 The term “covered minority institution” means
7 a minority depository institution (as defined in
8 section 308(b) of the Financial Institutions Re-
9 form, Recovery, and Enforcement Act of 1989
10 (12 U.S.C. 1463 note)).

11 (C) DEPOSITORY INSTITUTION.—The term
12 “depository institution” has the meaning given
13 under section 3 of the Federal Deposit Insur-
14 ance Act (12 U.S.C. 1813).

15 (D) INSURED CREDIT UNION.—The term
16 “insured credit union” has the meaning given
17 in section 101 of the Federal Credit Union Act
18 (12 U.S.C. 1752).

19 (7) TECHNICAL AMENDMENT.—Section 308(b)
20 of the Financial Institutions Reform, Recovery, and
21 Enforcement Act of 1989 (12 U.S.C. 1463 note) is
22 amended by adding at the end the following new
23 paragraph:

24 “(3) DEPOSITORY INSTITUTION.—The term ‘de-
25 pository institution’ means an ‘insured depository in-

1 stitution’ (as defined in section 3 of the Federal De-
2 posit Insurance Act (12 U.S.C. 1813)) and an in-
3 sured credit union (as defined in section 101 of the
4 Federal Credit Union Act (12 U.S.C. 1752)).”.

5 (e) FEDERAL DEPOSITS IN MINORITY DEPOSITORY
6 INSTITUTIONS.—

7 (1) IN GENERAL.—Section 308 of the Financial
8 Institutions Reform, Recovery, and Enforcement Act
9 of 1989 (12 U.S.C. 1463 note) is amended—

10 (A) by adding at the end the following new
11 subsection:

12 “(d) FEDERAL DEPOSITS.—The Secretary of the
13 Treasury shall ensure that deposits made by Federal agen-
14 cies in minority depository institutions and impact banks
15 are collateralized or insured, as determined by the Sec-
16 retary. Such deposits shall include reciprocal deposits as
17 defined in section 337.6(e)(2)(v) of title 12, Code of Fed-
18 eral Regulations (as in effect on March 6, 2019).”; and

19 (B) in subsection (b), as amended by sub-
20 section (d)(7), by adding at the end the fol-
21 lowing new paragraph:

22 “(4) IMPACT BANK.—The term ‘impact bank’
23 means a depository institution designated by the ap-
24 propriate Federal banking agency pursuant to sec-

1 tion 2(c) of the Promoting and Advancing Commu-
2 nities of Color through Inclusive Lending Act.”.

3 (2) TECHNICAL AMENDMENTS.—Section 308(b)
4 of the Financial Institutions Reform, Recovery, and
5 Enforcement Act of 1989 (12 U.S.C. 1463 note) is
6 amended—

7 (A) in the matter preceding paragraph (1),
8 by striking “section—” and inserting “sec-
9 tion:”; and

10 (B) in the paragraph heading for para-
11 graph (1), by striking “FINANCIAL” and insert-
12 ing “DEPOSITORY”.

13 (f) MINORITY BANK DEPOSIT PROGRAM.—

14 (1) IN GENERAL.—Section 1204 of the Finan-
15 cial Institutions Reform, Recovery, and Enforcement
16 Act of 1989 (12 U.S.C. 1811 note) is amended to
17 read as follows:

18 **“SEC. 1204. EXPANSION OF USE OF MINORITY DEPOSITORY**

19 **INSTITUTIONS.**

20 **“(a) MINORITY BANK DEPOSIT PROGRAM.—**

21 **“(1) ESTABLISHMENT.—**There is established a
22 program to be known as the ‘Minority Bank Deposit
23 Program’ to expand the use of minority depository
24 institutions.

1 “(2) ADMINISTRATION.—The Secretary of the
2 Treasury, acting through the Fiscal Service, shall—

3 “(A) on application by a depository institu-
4 tion or credit union, certify whether such depos-
5 itory institution or credit union is a minority
6 depository institution;

7 “(B) maintain and publish a list of all de-
8 pository institutions and credit unions that have
9 been certified pursuant to subparagraph (A);
10 and

11 “(C) periodically distribute the list de-
12 scribed in subparagraph (B) to—

13 “(i) all Federal departments and
14 agencies;

15 “(ii) interested State and local govern-
16 ments; and

17 “(iii) interested private sector compa-
18 nies.

19 “(3) INCLUSION OF CERTAIN ENTITIES ON
20 LIST.—A depository institution or credit union that,
21 on the date of the enactment of this section, has a
22 current certification from the Secretary of the
23 Treasury stating that such depository institution or
24 credit union is a minority depository institution shall

1 be included on the list described under paragraph
2 (2)(B).

3 “(b) EXPANDED USE AMONG FEDERAL DEPART-
4 MENTS AND AGENCIES.—

5 “(1) IN GENERAL.—Not later than 1 year after
6 the establishment of the program described in sub-
7 section (a), the head of each Federal department or
8 agency shall develop and implement standards and
9 procedures to prioritize, to the maximum extent pos-
10 sible as permitted by law and consistent with prin-
11 ciples of sound financial management, the use of mi-
12 nority depository institutions to hold the deposits of
13 each such department or agency.

14 “(2) REPORT TO CONGRESS.—Not later than 2
15 years after the establishment of the program de-
16 scribed in subsection (a), and annually thereafter,
17 the head of each Federal department or agency shall
18 submit to Congress a report on the actions taken to
19 increase the use of minority depository institutions
20 to hold the deposits of each such department or
21 agency.

22 “(c) DEFINITIONS.—For purposes of this section:

23 “(1) CREDIT UNION.—The term ‘credit union’
24 has the meaning given the term ‘insured credit

1 union’ in section 101 of the Federal Credit Union
2 Act (12 U.S.C. 1752).

3 “(2) DEPOSITORY INSTITUTION.—The term ‘de-
4 pository institution’ has the meaning given in section
5 3 of the Federal Deposit Insurance Act (12 U.S.C.
6 1813).

7 “(3) MINORITY DEPOSITORY INSTITUTION.—
8 The term ‘minority depository institution’ has the
9 meaning given that term under section 308 of this
10 Act.”.

11 (2) CONFORMING AMENDMENTS.—The fol-
12 lowing provisions are amended by striking
13 “1204(c)(3)” and inserting “1204(c)”:

14 (A) Section 808(b)(3) of the Community
15 Reinvestment Act of 1977 (12 U.S.C.
16 2907(b)(3)).

17 (B) Section 40(g)(1)(B) of the Federal De-
18 posit Insurance Act (12 U.S.C.
19 1831q(g)(1)(B)).

20 (C) Section 704B(h)(4) of the Equal Cred-
21 it Opportunity Act (15 U.S.C. 1691e–2(h)(4)).

22 (g) DIVERSITY REPORT AND BEST PRACTICES.—

23 (1) ANNUAL REPORT.—Each covered regulator
24 shall submit to Congress an annual report on diver-
25 sity including the following:

1 (A) Data, based on voluntary self-identi-
2 fication, on the racial, ethnic, and gender com-
3 position of the examiners of each covered regu-
4 lator, disaggregated by length of time served as
5 an examiner.

6 (B) The status of any examiners of cov-
7 ered regulators, based on voluntary self-identi-
8 fication, as a veteran.

9 (C) Whether any covered regulator, as of
10 the date on which the report required under
11 this section is submitted, has adopted a policy,
12 plan, or strategy to promote racial, ethnic, and
13 gender diversity among examiners of the cov-
14 ered regulator.

15 (D) Whether any special training is devel-
16 oped and provided for examiners related specifi-
17 cally to working with depository institutions
18 and credit unions that serve communities that
19 are predominantly minorities, low income, or
20 rural, and the key focus of such training.

21 (2) BEST PRACTICES.—Each Office of Minority
22 and Women Inclusion of a covered regulator shall
23 develop, provide to the head of the covered regulator,
24 and make publicly available best practices—

1 (A) for increasing the diversity of can-
2 didates applying for examiner positions, includ-
3 ing through outreach efforts to recruit diverse
4 candidate to apply for entry-level examiner posi-
5 tions; and

6 (B) for retaining and providing fair consid-
7 eration for promotions within the examiner
8 staff for purposes of achieving diversity among
9 examiners.

10 (3) COVERED REGULATOR DEFINED.—In this
11 subsection, the term “covered regulator” means the
12 Comptroller of the Currency, the Board of Gov-
13 ernors of the Federal Reserve System, the Federal
14 Deposit Insurance Corporation, and the National
15 Credit Union Administration.

16 (h) INVESTMENTS IN MINORITY DEPOSITORY INSTI-
17 TUTIONS AND IMPACT BANKS.—

18 (1) CONTROL FOR CERTAIN INSTITUTIONS.—
19 Section 7(j)(8)(B) of the Federal Deposit Insurance
20 Act (12 U.S.C. 1817(j)(8)(B)) is amended to read
21 as follows:

22 “(B) ‘control’ means the power, directly or indi-
23 rectly—

24 “(i) to direct the management or policies
25 of an insured depository institution; or

1 “(ii)(I) to vote 25 per centum or more of
2 any class of voting securities of an insured de-
3 pository institution; or

4 “(II) with respect to an insured depository
5 institution that is an impact bank (as des-
6 ignated pursuant to section 2(c) of the Pro-
7 moting and Advancing Communities of Color
8 through Inclusive Lending Act) or a minority
9 depository institution (as defined in section
10 308(b) of the Financial Institutions Reform,
11 Recovery, and Enforcement Act of 1989), of an
12 individual to vote 30 percent or more of any
13 class of voting securities of such an impact
14 bank or a minority depository institution.”.

15 (2) RULEMAKING.—The Federal banking agen-
16 cies (as defined in section 3 of the Federal Deposit
17 Insurance Act (12 U.S.C. 1813)) shall jointly issue
18 rules for de novo minority depository institutions to
19 allow 3 years to meet the capital requirements other-
20 wise applicable to minority depository institutions.

21 (3) REPORT.—Not later than 1 year after the
22 date of the enactment of this Act, the Federal bank-
23 ing agencies shall jointly submit to Congress a re-
24 port on—

1 (A) the principal causes for the low num-
2 ber of de novo minority depository institutions
3 during the 10-year period preceding the date of
4 the report;

5 (B) the main challenges to the creation of
6 de novo minority depository institutions; and

7 (C) regulatory and legislative consider-
8 ations to promote the establishment of de novo
9 minority depository institutions.

10 (i) REPORT ON COVERED MENTOR-PROTEGE PRO-
11 GRAMS.—

12 (1) REPORT.—Not later than 6 months after
13 the date of the enactment of this Act and annually
14 thereafter, the Secretary of the Treasury shall sub-
15 mit to Congress a report on participants in a cov-
16 ered mentor-protege program, including—

17 (A) an analysis of outcomes of such pro-
18 gram;

19 (B) the number of minority depository in-
20 stitutions that are eligible to participate in such
21 program but do not have large financial institu-
22 tion mentors; and

23 (C) recommendations for how to match
24 such minority depository institutions with large
25 financial institution mentors.

1 (2) DEFINITIONS.—In this subsection:

2 (A) COVERED MENTOR-PROTEGE PRO-
3 GRAM.—The term “covered mentor-protege pro-
4 gram” means a mentor-protege program estab-
5 lished by the Secretary of the Treasury pursu-
6 ant to section 45 of the Small Business Act (15
7 U.S.C. 657r).

8 (B) LARGE FINANCIAL INSTITUTION.—The
9 term “large financial institution” means any
10 entity—

11 (i) regulated by the Comptroller of the
12 Currency, the Board of Governors of the
13 Federal Reserve System, the Federal De-
14 posit Insurance Corporation, or the Na-
15 tional Credit Union Administration; and

16 (ii) that has total consolidated assets
17 greater than or equal to \$50,000,000,000.

18 (j) CUSTODIAL DEPOSIT PROGRAM FOR COVERED
19 MINORITY DEPOSITORY INSTITUTIONS AND IMPACT
20 BANKS.—

21 (1) IN GENERAL.—Not later than one year
22 after the date of the enactment of this Act, the Sec-
23 retary of the Treasury shall issue rules establishing
24 a custodial deposit program under which a covered
25 bank may receive deposits from a qualifying account.

1 (2) REQUIREMENTS.—In issuing rules under
2 paragraph (1), the Secretary of the Treasury shall—

3 (A) consult with the Federal banking agen-
4 cies;

5 (B) ensure each covered bank participating
6 in the program established under this sub-
7 section—

8 (i) has appropriate policies relating to
9 management of assets, including measures
10 to ensure the safety and soundness of each
11 such covered bank; and

12 (ii) is compliant with applicable law;
13 and

14 (C) ensure, to the extent practicable that
15 the rules do not conflict with goals described in
16 section 308(a) of the Financial Institutions Re-
17 form, Recovery, and Enforcement Act of 1989
18 (12 U.S.C. 1463 note).

19 (3) LIMITATIONS.—

20 (A) DEPOSITS.—With respect to the funds
21 of an individual qualifying account, an entity
22 may not deposit an amount greater than the in-
23 sured amount in a single covered bank.

24 (B) TOTAL DEPOSITS.—The total amount
25 of funds deposited in a covered bank under the

1 custodial deposit program described under this
2 subsection may not exceed the lesser of—

3 (i) 10 percent of the average amount
4 of deposits held by such covered bank in
5 the previous quarter; or

6 (ii) \$100,000,000 (as adjusted for in-
7 flation).

8 (4) REPORT.—Each quarter, the Secretary of
9 the Treasury shall submit to Congress a report on
10 the implementation of the program established under
11 this subsection including information identifying
12 participating covered banks and the total amount of
13 deposits received by covered banks under the pro-
14 gram.

15 (5) DEFINITIONS.—In this subsection:

16 (A) COVERED BANK.—The term “covered
17 bank” means—

18 (i) a minority depository institution
19 that is well capitalized, as defined by the
20 appropriate Federal banking agency; or

21 (ii) a depository institution designated
22 pursuant to subsection (c) that is well cap-
23 italized, as defined by the appropriate Fed-
24 eral banking agency.

1 (B) INSURED AMOUNT.—The term “in-
2 sured amount” means the amount that is the
3 greater of—

4 (i) the standard maximum deposit in-
5 surance amount (as defined in section
6 11(a)(1)(E) of the Federal Deposit Insur-
7 ance Act (12 U.S.C. 1821(a)(1)(E))); or

8 (ii) such higher amount negotiated be-
9 tween the Secretary of the Treasury and
10 the Federal Deposit Insurance Corporation
11 under which the Corporation will insure all
12 deposits of such higher amount.

13 (C) FEDERAL BANKING AGENCIES.—The
14 terms “appropriate Federal banking agency”
15 and “Federal banking agencies” have the mean-
16 ing given those terms, respectively, under sec-
17 tion 3 of the Federal Deposit Insurance Act.

18 (D) QUALIFYING ACCOUNT.—The term
19 “qualifying account” means any account estab-
20 lished in the Department of the Treasury
21 that—

22 (i) is controlled by the Secretary; and

23 (ii) is expected to maintain a balance
24 greater than \$200,000,000 for the fol-
25 lowing 24-month period.

1 (k) STREAMLINED COMMUNITY DEVELOPMENT FI-
2 NANCIAL INSTITUTION APPLICATIONS AND REPORTING.—

3 (1) APPLICATION PROCESSES.—Not later than
4 12 months after the date of the enactment of this
5 Act and with respect to any person having assets
6 under \$3,000,000,000 that submits an application
7 for deposit insurance with the Federal Deposit In-
8 surance Corporation that could also become a com-
9 munity development financial institution, the Fed-
10 eral Deposit Insurance Corporation, in consultation
11 with the Administrator of the Community Develop-
12 ment Financial Institutions Fund, shall—

13 (A) develop systems and procedures to
14 record necessary information to allow the Ad-
15 ministrator to conduct preliminary analysis for
16 such person to also become a community devel-
17 opment financial institution; and

18 (B) develop procedures to streamline the
19 application and annual certification processes
20 and to reduce costs for such person to become,
21 and maintain certification as, a community de-
22 velopment financial institution.

23 (2) IMPLEMENTATION REPORT.—Not later than
24 18 months after the date of the enactment of this
25 Act, the Federal Deposit Insurance Corporation

1 shall submit to Congress a report describing the sys-
2 tems and procedures required under paragraph (1).

3 (3) ANNUAL REPORT.—

4 (A) IN GENERAL.—Section 17(a)(1) of the
5 Federal Deposit Insurance Act (12 U.S.C.
6 1827(a)(1)) is amended—

7 (i) in subparagraph (E), by striking
8 “and” at the end;

9 (ii) by redesignating subparagraph
10 (F) as subparagraph (G);

11 (iii) by inserting after subparagraph
12 (E) the following new subparagraph:

13 “(F) applicants for deposit insurance that
14 could also become a community development fi-
15 nancial institution (as defined in section 103 of
16 the Riegle Community Development and Regu-
17 latory Improvement Act of 1994), a minority
18 depository institution (as defined in section 308
19 of the Financial Institutions Reform, Recovery,
20 and Enforcement Act of 1989), or an impact
21 bank (as designated pursuant to section 2(c) of
22 the Promoting and Advancing Communities of
23 Color through Inclusive Lending Act); and”.

24 (B) APPLICATION.—The amendment made
25 by this paragraph shall apply with respect to

1 the first report to be submitted after the date
2 that is 2 years after the date of the enactment
3 of this Act.

4 (1) **TASK FORCE ON LENDING TO SMALL BUSINESS**
5 **CONCERNS.—**

6 (1) **IN GENERAL.**—Not later than 6 months
7 after the date of the enactment of this Act, the Ad-
8 ministrator of the Small Business Administration
9 shall establish a task force to examine methods for
10 improving relationships between the Small Business
11 Administration and community development finan-
12 cial institutions, minority depository institutions,
13 and Impact Banks to increase the volume of loans
14 provided by such institutions to small business con-
15 cerns (as defined under section 3 of the Small Busi-
16 ness Act (15 U.S.C. 632)).

17 (2) **REPORT TO CONGRESS.**—Not later than 18
18 months after the establishment of the task force de-
19 scribed in paragraph (1), the Administrator of the
20 Small Business Administration shall submit to Con-
21 gress a report on the findings of such task force.

22 **SEC. 3. ESTABLISHMENT OF FINANCIAL AGENT PARTNER-**
23 **SHIP PROGRAM.**

24 (a) **IN GENERAL.**—Section 308 of the Financial In-
25 stitutions Reform, Recovery, and Enforcement Act of

1 1989 (12 U.S.C. 1463 note), as amended by section 2(e),
2 is further amended by adding at the end the following new
3 subsection:

4 “(e) FINANCIAL AGENT PARTNERSHIP PROGRAM.—

5 “(1) IN GENERAL.—The Secretary of the
6 Treasury shall establish a program to be known as
7 the ‘Financial Agent Partnership Program’ (in this
8 subsection referred to as the ‘Program’) under which
9 a financial agent designated by the Secretary or a
10 large financial institution may serve as a mentor,
11 under guidance or regulations prescribed by the Sec-
12 retary, to a small financial institution to allow such
13 small financial institution—

14 “(A) to be prepared to perform as a finan-
15 cial agent; or

16 “(B) to improve capacity to provide serv-
17 ices to the customers of the small financial in-
18 stitution.

19 “(2) OUTREACH.—The Secretary shall hold
20 outreach events to promote the participation of fi-
21 nancial agents, large financial institutions, and small
22 financial institutions in the Program at least once a
23 year.

24 “(3) FINANCIAL PARTNERSHIPS.—

1 “(A) IN GENERAL.—Any large financial in-
2 stitution participating in a program with the
3 Department of the Treasury, if not already re-
4 quired to include a small financial institution,
5 shall offer not more than 5 percent of every
6 contract under that program to a small finan-
7 cial institution.

8 “(B) ACCEPTANCE OF RISK.—As a re-
9 quirement of participation in a contract de-
10 scribed under subparagraph (A), a small finan-
11 cial institution shall accept the risk of the
12 transaction equivalent to the percentage of any
13 fee the institution receives under the contract.

14 “(C) PARTNER.—A large financial institu-
15 tion partner may work with small financial in-
16 stitutions, if necessary, to train professionals to
17 understand any risks involved in a contract
18 under the Program.

19 “(D) INCREASED LIMIT FOR CERTAIN IN-
20 STITUTIONS.—With respect to a program de-
21 scribed under subparagraph (A), if the Sec-
22 retary of the Treasury determines that it would
23 be appropriate and would encourage capacity
24 building, the Secretary may alter the require-

1 ments under subparagraph (A) to require
2 both—

3 “(i) a higher percentage of the con-
4 tract be offered to a small financial institu-
5 tion; and

6 “(ii) require the small financial insti-
7 tution to be a community development fi-
8 nancial institution or a minority depository
9 institution.

10 “(4) EXCLUSION.—The Secretary shall issue
11 guidance or regulations to establish a process under
12 which a financial agent, large financial institution,
13 or small financial institution may be excluded from
14 participation in the Program.

15 “(5) REPORT.—The Office of Minority and
16 Women Inclusion of the Department of the Treasury
17 shall include in the report submitted to Congress
18 under section 342(e) of the Dodd-Frank Wall Street
19 Reform and Consumer Protection Act information
20 pertaining to the Program, including—

21 “(A) the number of financial agents, large
22 financial institutions, and small financial insti-
23 tutions participating in such Program; and

1 “(B) the number of outreach events de-
2 scribed in paragraph (2) held during the year
3 covered by such report.

4 “(6) DEFINITIONS.—In this subsection:

5 “(A) COMMUNITY DEVELOPMENT FINAN-
6 CIAL INSTITUTION.—The term ‘community de-
7 velopment financial institution’ has the meaning
8 given that term under section 103 of the Riegle
9 Community Development and Regulatory Im-
10 provement Act of 1994 (12 U.S.C. 4702).

11 “(B) FINANCIAL AGENT.—The term ‘fi-
12 nancial agent’ means any national banking as-
13 sociation designated by the Secretary of the
14 Treasury to be employed as a financial agent of
15 the Government.

16 “(C) LARGE FINANCIAL INSTITUTION.—
17 The term ‘large financial institution’ means any
18 entity regulated by the Comptroller of the Cur-
19 rency, the Board of Governors of the Federal
20 Reserve System, the Federal Deposit Insurance
21 Corporation, or the National Credit Union Ad-
22 ministration that has total consolidated assets
23 greater than or equal to \$50,000,000,000.

24 “(D) SMALL FINANCIAL INSTITUTION.—
25 The term ‘small financial institution’ means—

1 “(i) any entity regulated by the
2 Comptroller of the Currency, the Board of
3 Governors of the Federal Reserve System,
4 the Federal Deposit Insurance Corpora-
5 tion, or the National Credit Union Admin-
6 istration that has total consolidated assets
7 lesser than or equal to \$2,000,000,000; or
8 “(ii) a minority depository institu-
9 tion.”.

10 (b) EFFECTIVE DATE.—This section and the amend-
11 ments made by this section shall take effect 90 days after
12 the date of the enactment of this Act.

13 **SEC. 4. STRENGTHENING MINORITY LENDING INSTITU-**
14 **TIONS.**

15 (a) MINORITY LENDING INSTITUTION SET-ASIDE IN
16 PROVIDING ASSISTANCE.—

17 (1) IN GENERAL.—Section 108 of the Commu-
18 nity Development Banking and Financial Institu-
19 tions Act of 1994 (12 U.S.C. 4707) is amended by
20 adding at the end the following:

21 “(i) MINORITY LENDING INSTITUTION SET-ASIDE IN
22 PROVIDING ASSISTANCE.—Notwithstanding any other
23 provision of law, in providing any assistance, the Fund
24 shall reserve 40 percent of such assistance for minority
25 lending institutions.”.

1 (2) DEFINITIONS.—Section 103 of the Commu-
2 nity Development Banking and Financial Institu-
3 tions Act of 1994 (12 U.S.C. 4702) is amended by
4 adding at the end the following:

5 “(22) MINORITY LENDING INSTITUTION DEFINI-
6 TIONS.—

7 “(A) MINORITY.—The term ‘minority’
8 means any Black American, Hispanic Amer-
9 ican, Asian American, Native American, Native
10 Alaskan, Native Hawaiian, or Pacific Islander.

11 “(B) MINORITY LENDING INSTITUTION.—
12 The term ‘minority lending institution’ means a
13 community development financial institution—

14 “(i) with respect to which a majority
15 of both the number dollar volume of arm’s-
16 length, on-balance sheet financial products
17 of the community development financial in-
18 stitution are directed at minorities or ma-
19 jority minority census tracts or equiva-
20 lents; and

21 “(ii) that—

22 “(I) is a minority depository in-
23 stitution, as defined in section 308(b)
24 of the Financial Institutions Reform,
25 Recovery, and Enforcement Act of

1 1989 (12 U.S.C. 1463 note), or other-
2 wise considered to be a minority de-
3 pository institution by the appropriate
4 Federal banking agency, as defined in
5 section 3 of the Federal Deposit In-
6 surance Act (12 U.S.C. 1813), or by
7 the National Credit Union Adminis-
8 tration, as applicable; or

9 “(II) meets standards for ac-
10 countability to minority populations as
11 determined by the Administrator.”.

12 (b) OFFICE OF MINORITY LENDING INSTITU-
13 TIONS.—Section 104 of the Community Development
14 Banking and Financial Institutions Act of 1994 (12
15 U.S.C. 4703) is amended by adding at the end the fol-
16 lowing:

17 “(1) OFFICE OF MINORITY LENDING INSTITU-
18 TIONS.—

19 “(1) ESTABLISHMENT.—There is established
20 within the Fund an Office of Minority Lending In-
21 stitutions, which shall oversee assistance provided by
22 the Fund to minority lending institutions.

23 “(2) DEPUTY DIRECTOR.—The head of the Of-
24 fice shall be the Deputy Director of Minority Lend-

1 ing Institutions, who shall report directly to the Ad-
2 ministrator of the Fund.”.

3 (c) REPORTING ON MINORITY LENDING INSTITU-
4 TIONS.—Section 117 of the Community Development
5 Banking and Financial Institutions Act of 1994 (12
6 U.S.C. 4716) is amended by adding at the end the fol-
7 lowing:

8 “(g) REPORTING ON MINORITY LENDING INSTITU-
9 TIONS.—Each report required under subsection (a) shall
10 include a description of the extent to which assistance
11 from the Fund are provided to minority lending institu-
12 tions.”.

13 (d) SUBMISSION OF DATA RELATING TO DIVERSITY
14 BY COMMUNITY DEVELOPMENT FINANCIAL INSTITU-
15 TIONS.—Section 104 of the Riegle Community Develop-
16 ment and Regulatory Improvement Act of 1994 (12
17 U.S.C. 4703) is amended by adding at the end the fol-
18 lowing:

19 “(l) SUBMISSION OF DATA RELATING TO DIVER-
20 SITY.—

21 “(1) DEFINITIONS.—In this subsection—

22 “(A) the term ‘executive officer’ has the
23 meaning given the term in section 230.501(f) of
24 title 17, Code of Federal Regulations, as in ef-

1 fect on the date of enactment of this subsection;
2 and

3 “(B) the term ‘veteran’ has the meaning
4 given the term in section 101 of title 38, United
5 States Code.

6 “(2) SUBMISSION OF DISCLOSURE.—Each Fund
7 applicant and recipient shall provide the following:

8 “(A) Data, based on voluntary self-identi-
9 fication, on the racial, ethnic, and gender com-
10 position of—

11 “(i) the board of directors of the insti-
12 tution;

13 “(ii) nominees for the board of direc-
14 tors of the institution; and

15 “(iii) the executive officers of the in-
16 stitution.

17 “(B) The status of any member of the
18 board of directors of the institution, any nomi-
19 nee for the board of directors of the institution,
20 or any executive officer of the institution, based
21 on voluntary self-identification, as a veteran.

22 “(C) Whether the board of directors of the
23 institution, or any committee of that board of
24 directors, has, as of the date on which the insti-
25 tution makes a disclosure under this paragraph,

1 adopted any policy, plan, or strategy to promote
2 racial, ethnic, and gender diversity among—

3 “(i) the board of directors of the insti-
4 tution;

5 “(ii) nominees for the board of direc-
6 tors of the institution; or

7 “(iii) the executive officers of the in-
8 stitution.

9 “(3) ANNUAL REPORT.—Not later than 18
10 months after the date of enactment of this sub-
11 section, and annually thereafter, the Fund shall sub-
12 mit to the Committee on Banking, Housing, and
13 Urban Affairs of the Senate and the Committee on
14 Financial Services of the House of Representatives,
15 and make publicly available on the website of the
16 Fund, a report—

17 “(A) on the data and trends of the diver-
18 sity information made available pursuant to
19 paragraph (2); and

20 “(B) containing all administrative or legis-
21 lative recommendations of the Fund to enhance
22 the implementation of this title or to promote
23 diversity and inclusion within community devel-
24 opment financial institutions.”.

1 **SEC. 5. CDFI BOND GUARANTEE REFORM.**

2 Effective October 1, 2020, section 114A(e)(2)(B) of
3 the Riegle Community Development and Regulatory Im-
4 provement Act of 1994 (12 U.S.C. 4713a(e)(2)(B)) is
5 amended by striking “\$100,000,000” and inserting
6 “\$50,000,000”.