To support the efforts of Community Development Financial Institutions (CDFIs), minority CDFIs, and minority depository institutions to serve consumers, small businesses, and minority-owned businesses, especially in low-income and underserved communities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. Waters introduced the following bill; which was referred to the Committee on ________________

A BILL

To support the efforts of Community Development Financial Institutions (CDFIs), minority CDFIs, and minority depository institutions to serve consumers, small businesses, and minority-owned businesses, especially in low-income and underserved communities, and for other purposes.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Promoting and Advancing Communities of Color through Inclusive Lending Act”.

(b) Table of Contents.—The table of contents for this Act is as follows:

Sec. 1. Short title; Table of contents.
Sec. 2. Findings; Sense of Congress.
Sec. 3. Strengthening minority community development financial institutions.
Sec. 4. Community Development Financial Institutions Fund.
Sec. 5. Minimum issuance amounts under the CDFI Bond Guarantee Program.
Sec. 6. Community Capital Investment Program.
Sec. 7. Ensuring Diversity in Community Banking.
Sec. 8. Establishment of Financial Agent Mentor-Protége Program.
Sec. 9. Study and report with respect to impact of programs on low- and moderate-income and minority communities.

7 SEC. 2. FINDINGS; SENSE OF CONGRESS.

(a) Findings.—The Congress finds the following:

(1) The Coronavirus 2019 (COVID–19) pandemic and the resulting recession have led to more than 4.8 million cases and at least 157,000 deaths in the United States as of August 6, 2020; a 7.6 percent increase in the unemployment rate from February to June, or approximately 12 million more persons who have lost their job; and an estimated 36 percent of renters and 4.1 million homeowners who are struggling to pay their rent and mortgages.

(2) According to the Centers for Disease Control, “long-standing systemic health and social inequities have put some members of racial and ethnic...
minority groups at increased risk of getting COVID–19 or experiencing severe illness’.

(3) Minority-owned businesses are also facing more difficult economic circumstances than others as a result of the COVID–19 pandemic. In April 2020, the Federal Reserve Bank of New York reported that minority- and women-owned businesses were not only more likely to show signs of limited financial health, but also twice as likely to be classified as “at risk” or “distressed” than their non-minority counterparts.

(4) During the Coronavirus 2019 (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. Through July 31, 2020, 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.

(5) In addition to establishing relief funds and services for local businesses and individuals experi-
encing loss of income, CDFIs and MDIs have pro-
vided mortgage forbearances, loan deferments, and
modifications to help address the needs of their bor-
rowers. CDFIs and MDIs are reaching underserved
communities and minority-owned businesses at a
critical time.

(6) The Community Development Financial In-
stitutions Fund (CDFI Fund) is an agency of the
U.S. Department of the Treasury and was estab-
lished by the Riegle Community Development and
Regulatory Improvement Act of 1994. The mission
of the CDFI Fund is “to expand economic oppor-
tunity for underserved people and communities by
supporting the growth and capacity of a national
network of community development lenders, invest-
tors, and financial service providers”. As of July 13,
2020, there were 1,129 certified CDFIs in all 50
states, D.C., Guam, and Puerto Rico.

(7) Following the 2008 financial crisis and the
disproportionate impact the Great Recession had on
minority communities, the number of MDI banks fell
more than 30% over the following decade, to 143 as
of the first quarter of 2020. Meanwhile, MDI credit
unions have seen similar declines, with more than
one-third of such institutions disappearing since 2013.

(8) The Committee on Financial Services of the House of Representatives has examined the importance of CDFIs and MDIs through three hearings held during the 116th Congress. At these hearings, the Committee received testimony from 13 witnesses, most of whom were representatives of CDFIs or MDIs, and four of whom were Federal regulators. These hearings include:

(A) October 22, 2019, “An Examination of the Decline of Minority Depository Institutions and the Impact on Underserved Communities”.

(B) November 20, 2019, “An Examination of Regulators’ Efforts to Preserve and Promote Minority Depository Institutions”.

(C) June 3, 2020, Virtual Hearing – “Promoting Inclusive Lending During the Pandemic: Community Development Financial Institutions and Minority Depository Institutions”.

At these hearings, the Committee discussed the opportunities and challenges facing CDFIs and MDIs. The Committee discussed 9 different pieces of legislation to address some of these challenges and fully support the work of MDIs and CDFIs.
(b) SENSE OF CONGRESS.—The following is the sense of the Congress:

(1) The Department of the Treasury, Board of Governors of the Federal Reserve System, Small Business Administration (SBA), Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, National Credit Union Administration, and other Federal agencies should take steps to support, engage with, and utilize minority depository institutions and community development financial institutions in the near-term, especially as they carry out programs to respond to the COVID–19 pandemic, and the long-term.

(2) The Department of the Treasury and prudential regulators should establish a strategic plan identifying concrete steps that they can take to support existing minority depository institutions, as well as the formation of new minority depository institutions consistent with the goals established in the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) to preserve and promote minority depository institutions.

(3) Congress should increase funding and make other enhancements, including those provided by this legislation, to enhance the effectiveness of the CDFI
Fund, especially reforms to support minority-owned and minority led CDFIs in times of crisis and beyond.

(4) Congress should conduct robust and ongoing oversight of the Department of the Treasury, CDFI Fund, Federal prudential regulators, SBA, and other Federal agencies to ensure they fulfill their obligations under the law as well as implement this Act and other laws in a manner that supports and fully utilizes minority depository institutions and community development financial intuitions, as appropriate.

SEC. 3. STRENGTHENING MINORITY COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS.

(a) MINORITY COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION SET-ASIDE IN PROVIDING ASSISTANCE.—

(1) IN GENERAL.—Section 108 of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4707) is amended by adding at the end the following:

“(i) MINORITY COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION SET-ASIDE IN PROVIDING ASSISTANCE.—Notwithstanding any other provision of law, in providing any assistance, the Fund shall reserve 40 per-
8
cent of such assistance for minority community develop-
ment financial institutions.”.

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

“(22) MINORITY COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION DEFINITIONS.—

“(A) MINORITY.—The term ‘minority’
means any black American, Native American,
Hispanic American, or Asian American.

“(B) MINORITY COMMUNITY DEVELOP-
MENT FINANCIAL INSTITUTION.—The term ‘mi-
nority community development financial institu-
tion’ means a community development financial
institution that—

“(i) if a privately-owned institution,
51 percent is owned by one or more so-
cially and economically disadvantaged indi-
viduals;

“(ii) if publicly-owned, 51 percent of
the stock is owned by one or more socially
and economically disadvantaged individ-
uals;
“(iii) in the case of a mutual institution, where the majority of the Board of Directors, account holders, and the community which the institution services is predominantly minority; and

“(iv) in the case of any other institution, is a minority-owned or minority-led institution, as determined by the Administrator.”.

(b) Office of Minority Community Development Financial Institutions.—Section 104 of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4703) is amended by adding at the end the following:

“(l) Office of Minority Community Development Financial Institutions.—

“(1) Establishment.—There is established within the Fund an Office of Minority Community Development Financial Institutions, which shall oversee assistance provided by the Fund to minority community development financial institutions.

“(2) Deputy Director.—The head of the Office shall be the Deputy Director of Minority Community Development Financial Institutions, who
shall report directly to the Administrator of the
Fund.”.

(c) Reporting on Minority Community Development Financial Institutions.—Section 117 of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4716) is amended by adding at the end the following:

“(g) Reporting on Minority Community Development Financial Institutions.—Each report required under subsection (a) shall include a description of the extent to which assistance from the Fund are provided to minority community development financial institutions.”.

SEC. 4. COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND.

(a) In General.—Of any unobligated amounts that were appropriated to the fund established under section 5302(a)(1) of title 31, United States Code, by section 4027 of the CARES Act (15 U.S.C. 9061), $5,000,000,000 shall be transferred to the Community Development Financial Institutions Fund for fiscal years 2020 and 2021, for providing financial assistance and technical assistance under subparagraphs (A) and (B) of section 108(a)(1) of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C.
4707(a)(1)), except that subsections (d) and (e) of such section 108 shall not apply to the provision of such assistance, for the Bank Enterprise Award program, and for financial assistance, technical assistance, training, and outreach programs designed to benefit Native American, Native Hawaiian, and Alaska Native communities and provided primarily through qualified community development lender organizations with experience and expertise in community development banking and lending in Indian country, Native American organizations, Tribes and Tribal organizations, and other suitable providers. Of such amount, not less than $2,000,000,000 shall be for providing financial assistance, technical assistance, awards, training, and outreach programs described above to recipients that are minority lending institutions.

(b) Definitions.—For purposes of this section:

(1) Minority lending institution.—The term “minority lending institution” means any depository institution, loan fund, or other financial institution that—

(A) if a privately-owned institution, 51 percent is owned by one or more socially and economically disadvantaged individuals;
(B) if publicly-owned, 51 percent of the stock is owned by one or more socially and economically disadvantaged individuals;

(C) in the case of a mutual institution, where the majority of the Board of Directors, account holders, and the community which it services is predominantly minority; and

(D) in the case of any other institution, is a minority-owned or minority-led institution, as determined by the Administrator of the Community Development Financial Institutions Fund.

(2) MINORITY.—The term “minority” means any black American, Native American, Hispanic American, or Asian American.

SEC. 5. MINIMUM ISSUANCE AMOUNTS UNDER THE CDFI BOND GUARANTEE PROGRAM.

(a) REDUCTION FOR FISCAL YEAR 2020.—

(1) IN GENERAL.—Section 114A(e)(2)(B) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a(e)(2)(B)) is amended by striking “$100,000,000” and inserting “$25,000,000”.

(2) RULE OF APPLICATION.—The Notice of Guarantee Availability issued for the Bond Guar-
antee Program in fiscal year 2019 (CFDA 21.011) shall apply for purposes of carrying out the Program (as defined under section 114A(a) of the Riegle Community Development and Regulatory Improvement Act of 1994) with regard to commitments to guarantee bonds and notes during fiscal year 2020. (b) PERMANENT ADJUSTMENT.—Effective October 1, 2020, section 114A(e)(2)(B) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a(e)(2)(B)) is amended by striking “$25,000,000” and inserting “$50,000,000”.

SEC. 6. COMMUNITY CAPITAL INVESTMENT PROGRAM. Section 4003 of the CARES Act (15 U.S.C. 9042) is amended by adding at the end the following:

“(i) COMMUNITY CAPITAL INVESTMENT PROGRAM.—

“(1) IN GENERAL.—The Secretary of the Treasury shall establish a Community Capital Investment Program (the ‘Program’) to support the efforts of community investment institutions to provide loans and forbearance for small businesses, minority-owned businesses, and consumers, especially in low-income and underserved communities, by—

“(A) providing direct capital investments in community investment institutions; and
“(B) providing loans to community investment institutions—

“(i) that are interest-free loans;

“(ii) that have a loan term of 5 years; and

“(iii) with respect to which no loan payment is required until at least the end of the 6-month period beginning on the date the loan is made, or such longer term as the Secretary may determine appropriate.

“(2) APPLICATION DATE.—The Secretary shall begin accepting applications for capital investments and loans under the Program not later than the end of the 10-day period beginning on the date of enactment of this subsection.

“(3) COMMUNITY INVESTMENT PLAN.—At the time that an applicant submits an application to the Secretary for a capital investment under the Program, the applicant shall—

“(A) provide the Secretary with a Community Investment Plan that specifies how the applicant intends to use the capital investment or loans made available under the Program to provide loans and forbearance for small businesses,
minority-owned businesses, and consumers, especially in low-income and underserved communities; and

“(B) include with such application an attestation by the applicant that the applicant—

“(i) does not own, service, or offer any financial product at an annual percentage rate of more than 36 percent interest, as defined in section 987(i)(4) of title 10, United States Code; and

“(ii) is compliant with all State interest rate laws.

“(4) DIVIDEND RATE.—Any preferred stock or other financial instrument issued to the Secretary in exchange for a capital investment under the Program shall carry a dividend or interest rate that does not exceed 1 percent.

“(5) RESTRICTIONS.—The restrictions described under subsection (c)(3)(A)(ii) shall apply to capital investments and loans made under this subsection.

“(6) AVAILABLE AMOUNTS.—In carrying out the Program, the Secretary shall use amounts made available under subsection (b), notwithstanding the
limitations on the use of such funds under paragraphs (1) through (4) of such subsection (b).

“(7) MDI set-aside.—At least $3,000,000,000 of the direct capital investments and loans made by the Secretary under the Program shall be made to minority depository institutions.

“(8) Treatment of capital investments.—In making any capital investment under the Program, the Secretary shall ensure that the terms of the investment are designed to ensure the investment receives Tier 1 capital treatment.

“(9) Collection of data.—Notwithstanding the Equal Opportunity Credit Act (15 U.S.C. 1691 et seq.)—

“(A) a community investment institution may collect data described in section 701(a)(1) of that Act (15 U.S.C. 1691(a)(1)) from borrowers and applicants for credit for the purpose of monitoring compliance under the Community Investment Plan required under paragraph (3); and

“(B) a community investment institution that collects the data described in subparagraph (A) shall not be subject to adverse action related to that collection by the Bureau of Con-
sumer Financial Protection or any other Federal agency.

“(10) DEFINITIONS.—In this subsection, subsection (j), and subsection (k):

“(A) COMMUNITY INVESTMENT INSTITUTION.—The term ‘community investment institution’ means—

“(i) a community development financial institution, as defined under section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702);

“(ii) an impact credit union;

“(iii) an impact bank; and

“(iv) a minority depository institution, as defined under section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note).

“(B) CREDIT UNION.—The term ‘credit union’ has the meaning given the terms State credit union and Federal credit union under section 101 of the Federal Credit Union Act (12 U.S.C. 1752).
“(C) IMPACT CREDIT UNION.—The term ‘impact credit union’ means a credit union that—

“(i) has total consolidated assets of less than $10,000,000,000; and

“(ii) extends at least 50 percent of the loans extended by the credit union to borrowers who are low-income borrowers, as determined by the Secretary.

“(D) IMPACT BANK.—The term ‘impact bank’ means a depository institution (as defined under section 3 of the Federal Deposit Insurance Act) that—

“(i) has total consolidated assets of less than $10,000,000,000; and

“(ii) extends at least 50 percent of the loans extended by the institution to borrowers who are low-income borrowers, as determined by the Secretary.

“(j) APPLICATION OF THE MILITARY LENDING ACT.—

“(1) IN GENERAL.—No community investment institution that receives an equity investment under subsection (i) shall, for so long as the investment continues, make any loan at an annualized percent-
age rate above 36 percent, as determined in accordance with section 987(b) of title 10, United States Code (commonly known as the ‘Military Lending Act’).

“(2) NO EXEMPTIONS PERMITTED.—The exemption authority of the Bureau under section 105(f) of the Truth in Lending Act (15 U.S.C. 1604(f)) shall not apply with respect to this subsection.”.

SEC. 7. ENSURING DIVERSITY IN COMMUNITY BANKING.

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

(1) The Community Development Financial Institutions Fund (the “CDFI Fund”) is an agency of the Department of the Treasury, and was established by the Riegle Community Development and Regulatory Improvement Act of 1994. The mission of the CDFI Fund is “to expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers”. A community development financial institution (a “CDFI”) is a specialized financial institution serving low-income
communities and a Community Development Entity (a “CDE”) is a domestic corporation or partnership that is an intermediary vehicle for the provision of loans, investments, or financial counseling in low-income communities. The CDFI Fund certifies CDFIs and CDEs. Becoming a certified CDFI or CDE allows organizations to participate in various CDFI Fund programs as follows:

(A) The Bank Enterprise Award Program, which provides FDIC-insured depository institutions awards for a demonstrated increase in lending and investments in distressed communities and CDFIs.

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

(C) The Native American CDFI Assistance Program, which provides CDFIs and sponsoring entities Financial and Technical Assistance awards to increase lending and grow the number of CDFIs owned by Native Americans to help build capacity of such CDFIs.
(D) The New Market Tax Credit Program, which provides tax credits for making equity investments in CDEs that stimulate capital investments in low-income communities.

(E) The Capital Magnet Fund, which provides awards to CDFIs and nonprofit affordable housing organizations to finance affordable housing solutions and related economic development activities.

(F) The Bond Guarantee Program, a source of long-term, patient capital for CDFIs to expand lending and investment capacity for community and economic development purposes.

(2) The Department of the Treasury is authorized to create multi-year grant programs designed to encourage low-to-moderate income individuals to establish accounts at federally insured banks, and to improve low-to-moderate income individuals’ access to such accounts on reasonable terms.

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

(4) Program participation is restricted to eligible institutions, which are limited to organizations listed in section 501(c)(3) of the Internal Revenue Code and exempt from tax under 501(a) of such Code, federally insured depository institutions, community development financial institutions and State, local, or Tribal government entities.

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

(b) DEFINITIONS.—In this section:

(1) COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.—The term “community development financial institution” has the meaning given under section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702).

(2) MINORITY DEPOSITORY INSTITUTION.—The term “minority depository institution” has the meaning given under section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note), as amended by this Act.

(e) ESTABLISHMENT OF IMPACT BANK DESIGNATION.—

(1) IN GENERAL.—Each Federal banking agency shall establish a program under which a depository institution with total consolidated assets of less than $10,000,000,000 may elect to be designated as an impact bank if the total dollar value of the loans extended by such depository institution to low-income borrowers is greater than or equal to 50 percent of the assets of such bank.
(2) NOTIFICATION OF ELIGIBILITY.—Based on data obtained through examinations of depository institutions, the appropriate Federal banking agency shall notify a depository institution if the institution is eligible to be designated as an impact bank.

(3) APPLICATION.—Regardless of whether or not it has received a notice of eligibility under paragraph (1), a depository institution may submit an application to the appropriate Federal banking agency—

(A) requesting to be designated as an impact bank; and

(B) demonstrating that the depository institution meets the applicable qualifications.

(4) LIMITATION ON ADDITIONAL DATA REQUIREMENTS.—The Federal banking agencies may only impose additional data collection requirements on a depository institution under this subsection if such data is—

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

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

(5) Removal of Designation.—If the appropriate Federal banking agency determines that a depository institution designated as an impact bank no longer meets the criteria for such designation, the appropriate Federal banking agency shall rescind the designation and notify the depository institution of such rescission.

(6) Reconsideration of Designation; Appeals.—Under such procedures as the Federal banking agencies may establish, a depository institution may—

(A) submit to the appropriate Federal banking agency a request to reconsider a determination that such depository institution no longer meets the criteria for the designation; or

(B) file an appeal of such determination.

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

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

(9) Federal Deposit Insurance Act Definitions.—In this subsection, the terms “depository institution”, “appropriate Federal banking agency”, and “Federal banking agency” have the meanings given such terms, respectively, in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(d) Minority Depositories Advisory Committees.—

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

(2) Duties.—Each Minority Depositories Advisory Committee shall provide advice to the respective covered regulator on meeting the goals established by section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note) to preserve the present number of covered minority institutions, preserve the minority character of minority-owned institutions in cases involving mergers or acquisitions, provide technical assistance, and encourage the creation of new covered minority institutions. The scope of the work of each such Minority Depositories Advisory Committee shall
include an assessment of the current condition of
covered minority institutions, what regulatory
changes or other steps the respective agencies may
be able to take to fulfill the requirements of such
section 308, and other issues of concern to covered
minority institutions.

(3) MEMBERSHIP.—

(A) IN GENERAL.—Each Minority Depository Advisory Committee shall consist of no
more than 10 members, who—

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

(ii) shall serve as a representative of
a depository institution or an insured cred-
it union with respect to which the respec-
tive covered regulator is the covered regu-
lator of such depository institution or in-
sured credit union; and

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

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

(4) MEETINGS.—

(A) IN GENERAL.—Each Minority Depos-itory Advisory Committee shall meet not less frequently than twice each year.

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

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

ance of each meeting of the Minority De-

positories Advisory Committee; and

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

(I) one member of the majority party and one member of the minority party of the Committee on Financial Services of the House of Representa-
tives and the Committee on Banking, Housing, and Urban Affairs of the Senate; and
(II) one member of the majority
party and one member of the minority
party of any relevant subcommittees
of such committees.

(5) No termination of advisory committees.—The termination requirements under section 14 of the Federal Advisory Committee Act (5 U.S.C. app.) shall not apply to a Minority Depositories Advisory Committee established pursuant to this subsection.

(6) Definitions.—In this subsection:

(A) Covered regulator.—The term “covered regulator” means the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration.

(B) Covered minority institution.—The term “covered minority institution” means a minority depository institution (as defined in section 308(b) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note)).

(C) Depository institution.—The term “depository institution” has the meaning given

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

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

“(3) DEPOSITORY INSTITUTION.—The term ‘depository institution’ means an ‘insured depository institution’ (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) and an insured credit union (as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752)).”.

(e) FEDERAL DEPOSITS IN MINORITY DEPOSITORY INSTITUTIONS.—

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

(A) by adding at the end the following new subsection:
(d) FEDERAL DEPOSITS.—The Secretary of the Treasury shall ensure that deposits made by Federal agencies in minority depository institutions and impact banks are collateralized or insured, as determined by the Secretary. Such deposits shall include reciprocal deposits as defined in section 337.6(e)(2)(v) of title 12, Code of Federal Regulations (as in effect on March 6, 2019).”; and

(B) in subsection (b), as amended by section 6(g), by adding at the end the following new paragraph:

“(4) IMPACT BANK.—The term ‘impact bank’ means a depository institution designated by the appropriate Federal banking agency pursuant to section 7(c) of the Promoting and Advancing Communities of Color through Inclusive Lending Act.”.

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

(A) in the matter preceding paragraph (1), by striking “section—” and inserting “section:”; and

(B) in the paragraph heading for paragraph (1), by striking “FINANCIAL” and inserting “DEPOSITORY”.

August 7, 2020 (7:09 a.m.)
(f) MINORITY BANK DEPOSIT PROGRAM.—

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

“SEC. 1204. EXPANSION OF USE OF MINORITY DEPOSITORY INSTITUTIONS.

“(a) MINORITY BANK DEPOSIT PROGRAM.—

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

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

“(A) on application by a depository institution or credit union, certify whether such depository institution or credit union is a minority depository institution;

“(B) maintain and publish a list of all depository institutions and credit unions that have been certified pursuant to subparagraph (A); and

“(C) periodically distribute the list described in subparagraph (B) to—
“(i) all Federal departments and agencies;
“(ii) interested State and local governments; and
“(iii) interested private sector companies.

“(3) INCLUSION OF CERTAIN ENTITIES ON LIST.—A depository institution or credit union that, on the date of the enactment of this section, has a current certification from the Secretary of the Treasury stating that such depository institution or credit union is a minority depository institution shall be included on the list described under paragraph (2)(B).

“(b) EXPANDED USE AMONG FEDERAL DEPARTMENTS AND AGENCIES.—

“(1) IN GENERAL.—Not later than 1 year after the establishment of the program described in subsection (a), the head of each Federal department or agency shall develop and implement standards and procedures to prioritize, to the maximum extent possible as permitted by law and consistent with principles of sound financial management, the use of minority depository institutions to hold the deposits of each such department or agency.
“(2) REPORT TO CONGRESS.—Not later than 2 years after the establishment of the program described in subsection (a), and annually thereafter, the head of each Federal department or agency shall submit to Congress a report on the actions taken to increase the use of minority depository institutions to hold the deposits of each such department or agency.

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

“(1) CREDIT UNION.—The term ‘credit union’ has the meaning given the term ‘insured credit union’ in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

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

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

(2) CONFORMING AMENDMENTS.—The following provisions are amended by striking “1204(c)(3)” and inserting “1204(c)”: 
(A) Section 808(b)(3) of the Community Reinvestment Act of 1977 (12 U.S.C. 2907(b)(3)).

(B) Section 40(g)(1)(B) of the Federal Deposit Insurance Act (12 U.S.C. 1831q(g)(1)(B)).

(C) Section 704B(h)(4) of the Equal Credit Opportunity Act (15 U.S.C. 1691c–2(h)(4)).

(g) DIVERSITY REPORT AND BEST PRACTICES.—

(1) ANNUAL REPORT.—Each covered regulator shall submit to Congress an annual report on diversity including the following:

(A) Data, based on voluntary self-identification, on the racial, ethnic, and gender composition of the examiners of each covered regulator, disaggregated by length of time served as an examiner.

(B) The status of any examiners of covered regulators, based on voluntary self-identification, as a veteran.

(C) Whether any covered regulator, as of the date on which the report required under this subsection is submitted, has adopted a policy, plan, or strategy to promote racial, ethnic,
and gender diversity among examiners of the
covered regulator.

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

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

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

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

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

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

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

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

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

“(ii)(I) with respect to an insured deposi-
tory institution, of a person to vote 25 per cen-
tum or more of any class of voting securities of
such institution; or

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

(2) RULEMAKING.—The Federal banking agen-
cies (as defined in section 3 of the Federal Deposit
Insurance Act (12 U.S.C. 1813)) shall jointly issue
rules for de novo minority depository institutions
and de novo impact banks (as designated pursuant
to subsection (c)) to allow 3 years to meet the cap-
tal requirements otherwise applicable to minority
depository institutions and impact banks.

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

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

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

(C) regulatory and legislative consider-
ations to promote the establishment of de novo
minority depository institutions and de novo im-
pact banks.
(i) REPORT ON COVERED MENTOR-PROTEGE PROGRAMS.—

(1) REPORT.—Not later than 6 months after the date of the enactment of this Act and annually thereafter, the Secretary of the Treasury shall submit to Congress a report on participants in a covered mentor-protege program, including—

(A) an analysis of outcomes of such program;

(B) the number of minority depository institutions that are eligible to participate in such program but do not have large financial institution mentors; and

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

(2) DEFINITIONS.—In this subsection:

(A) COVERED MENTOR-PROTEGE PROGRAM.—The term “covered mentor-protege program” means a mentor-protege program established by the Secretary of the Treasury pursuant to section 45 of the Small Business Act (15 U.S.C. 657r).
(B) LARGE FINANCIAL INSTITUTION.—The term “large financial institution” means any entity—

(i) regulated by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, or the National Credit Union Administration; and

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

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

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

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

(A) consult with the Federal banking agencies;

(B) ensure each covered bank participating in the program established under this section—
(i) has appropriate policies relating to
management of assets, including measures
to ensure the safety and soundness of each
such covered bank; and

(ii) is compliant with applicable law;

and

(C) ensure, to the extent practicable that
the rules do not conflict with goals described in
section 308(a) of the Financial Institutions Re-
form, Recovery, and Enforcement Act of 1989

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

(4) DEFINITIONS.—In this subsection:

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

(i) a minority depository institution
that is well capitalized, as defined by the
appropriate Federal banking agency; or
(ii) a depository institution designated pursuant to subsection (e) that is well capitalized, as defined by the appropriate Federal banking agency.

(B) Federal Banking Agencies.—The terms “appropriate Federal banking agency” and “Federal banking agencies” have the meaning given those terms, respectively, under section 3 of the Federal Deposit Insurance Act.

(C) Qualifying Account.—The term “qualifying account” means any account established in the Department of the Treasury that—

(i) is controlled by the Secretary; and

(ii) is expected to maintain a balance greater than $200,000,000 for the following 24-month period.

(k) Streamlined Community Development Financial Institution Applications and Reporting.—

(1) Application processes.—Not later than 12 months after the date of the enactment of this Act and with respect to any person having assets under $3,000,000,000 that submits an application for deposit insurance with the Federal Deposit Insurance Corporation that could also become a com-
munity development financial institution, the Federal Deposit Insurance Corporation, in consultation with the Administrator of the Community Development Financial Institutions Fund, shall—

(A) develop systems and procedures to record necessary information to allow the Administrator to conduct preliminary analysis for such person to also become a community development financial institution; and

(B) develop procedures to streamline the application and annual certification processes and to reduce costs for such person to become, and maintain certification as, a community development financial institution.

(2) IMPLEMENTATION REPORT.—Not later than 18 months after the date of the enactment of this Act, the Federal Deposit Insurance Corporation shall submit to Congress a report describing the systems and procedures required under paragraph (1).

(3) ANNUAL REPORT.—

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

(i) in subparagraph (E), by striking “and” at the end;
(ii) by redesignating subparagraph (F) as subparagraph (G);

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

“(F) applicants for deposit insurance that could also become a community development financial institution (as defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994), a minority depository institution (as defined in section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989), or an impact bank (as designated pursuant to section 7(c) of the Promoting and Advancing Communities of Color through Inclusive Lending Act); and”.

(B) APPLICATION.—The amendment made by this paragraph shall apply with respect to the first report to be submitted after the date that is 2 years after the date of the enactment of this Act.

(l) TASK FORCE ON LENDING TO SMALL BUSINESS CONCERNS.—

(1) IN GENERAL.—Not later than 6 months after the date of the enactment of this Act, the Administrator of the Small Business Administration...
shall establish a task force to examine methods for improving relationships between the Small Business Administration and community development financial institutions, minority depository institutions, and Impact Banks to increase the volume of loans provided by such institutions to small business concerns (as defined under section 3 of the Small Business Act (15 U.S.C. 632)).

(2) REPORT TO CONGRESS.—Not later than 18 months after the establishment of the task force described in paragraph (1), the Administrator of the Small Business Administration shall submit to Congress a report on the findings of such task force.

SEC. 8. ESTABLISHMENT OF FINANCIAL AGENT MENTOR-PROTÉGÉ PROGRAM.

(a) IN GENERAL.—Section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note), as amended by section 6(f), is further amended by adding at the end the following new subsection:

“(e) FINANCIAL AGENT MENTOR-PROTÉGÉ PROGRAM.—

“(1) IN GENERAL.—The Secretary of the Treasury shall establish a program to be known as the ‘Financial Agent Mentor-Protégé Program’ (in
this subsection referred to as the ‘Program’) under which a financial agent designated by the Secretary or a large financial institution may serve as a mentor, under guidance or regulations prescribed by the Secretary, to a small financial institution to allow such small financial institution—

“(A) to be prepared to perform as a financial agent; or

“(B) to improve capacity to provide services to the customers of the small financial institution.

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

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

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

“(A) the number of financial agents, large financial institutions, and small financial institutions participating in such Program; and

“(B) the number of outreach events described in paragraph (2) held during the year covered by such report.

“(5) DEFINITIONS.—In this subsection:

“(A) FINANCIAL AGENT.—The term ‘financial agent’ means any national banking association designated by the Secretary of the Treasury to be employed as a financial agent of the Government.

“(B) LARGE FINANCIAL INSTITUTION.—The term ‘large financial institution’ means any entity regulated by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, or the National Credit Union Administration that has total consolidated assets greater than or equal to $50,000,000,000.

“(C) SMALL FINANCIAL INSTITUTION.—The term ‘small financial institution’ means—
“(i) any entity regulated by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, or the National Credit Union Administration that has total consolidated assets lesser than or equal to $2,000,000,000; or

“(ii) a minority depository institution.”.

(b) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect 90 days after the date of the enactment of this Act.

SEC. 9. STUDY AND REPORT WITH RESPECT TO IMPACT OF PROGRAMS ON LOW- AND MODERATE-INCOME AND MINORITY COMMUNITIES.

(a) STUDY.—The Secretary of the Treasury shall conduct a study of the impact of the programs established under this Act or any amendment made by this Act on low- and moderate-income and minority communities.

(b) REPORT.—Not later than 18 months after the date of enactment of this Act, the Secretary shall submit to Congress a report on the results of the study conducted pursuant to subsection (a), which shall include, to the extent possible, the results of the study disaggregated by racial and ethnic group.
(c) INFORMATION PROVIDED TO THE SECRETARY.—

Eligible institutions that participate in any of the programs described in subsection (a) shall provide the Secretary of the Treasury with such information as the Secretary may require to carry out the study required by this section.