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.

Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

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”.

Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,
(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Strengthening minority lending institutions.
Sec. 3. Capital investments, grants, and technology support for MDIs and CDFIs.
Sec. 4. Supporting Young Entrepreneurs Program.
Sec. 5. Map of minority depository institutions and community development financial institutions.
Sec. 6. Report on certified community development financial institutions.
Sec. 7. Consultation requirement for selection of community development financial institution applicants.
Sec. 8. Access to the discount window of the Federal Reserve System for MDIs and CDFIs.
Sec. 9. Study on securitization by CDFIs.
Sec. 10. Ensuring diversity in community banking.
Sec. 11. Establishment of Financial Agent Partnership Program.
Sec. 12. CDFI bond guarantee reform.

3 SEC. 2. STRENGTHENING MINORITY LENDING INSTITUTIONS.

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

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

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

(2) DEFINITIONS.—Section 103 of the Riegle Community Development and Regulatory Improve-
ment Act of 1994 (12 U.S.C. 4702) is amended by adding at the end the following:

“(22) MINORITY LENDING INSTITUTION.—The term ‘minority lending institution’ has the meaning given that term under section 523(c) of division N of the Consolidated Appropriations Act, 2021.”.

(b) OFFICE OF MINORITY LENDING INSTITUTIONS.—Section 104 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4703) is amended by adding at the end the following:

“(1) OFFICE OF MINORITY LENDING INSTITUTIONS.—

“(1) ESTABLISHMENT.—There is established within the Fund an Office of Minority Lending Institutions, which shall oversee assistance provided by the Fund to minority lending institutions.

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

(c) REPORTING ON MINORITY LENDING INSTITUTIONS.—Section 117 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12
U.S.C. 4716) is amended by adding at the end the following:

“(g) REPORTING ON MINORITY LENDING INSTITUTIONS.—Each report required under subsection (a) shall include a description of the extent to which assistance from the Fund are provided to minority lending institutions.”.

(d) SUBMISSION OF DATA RELATING TO DIVERSITY BY COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS.—Section 104 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4703), as amended by subsection (b), is further amended by adding at the end the following:

“(m) SUBMISSION OF DATA RELATING TO DIVERSITY.—

“(1) DEFINITIONS.—In this subsection—

“(A) the term ‘executive officer’ has the meaning given the term in section 230.501(f) of title 17, Code of Federal Regulations, as in effect on the date of enactment of this subsection; and

“(B) the term ‘veteran’ has the meaning given the term in section 101 of title 38, United States Code.
“(2) SUBMISSION OF DISCLOSURE.—Each Fund applicant and recipient shall provide the following:

“(A) Data, based on voluntary self-identification, on the racial, ethnic, and gender composition of—

“(i) the board of directors of the institution;

“(ii) nominees for the board of directors of the institution; and

“(iii) the executive officers of the institution.

“(B) The status of any member of the board of directors of the institution, any nominee for the board of directors of the institution, or any executive officer of the institution, based on voluntary self-identification, as a veteran.

“(C) Whether the board of directors of the institution, or any committee of that board of directors, has, as of the date on which the institution makes a disclosure under this paragraph, adopted any policy, plan, or strategy to promote racial, ethnic, and gender diversity among—

“(i) the board of directors of the institution;
“(ii) nominees for the board of directors of the institution; or

“(iii) the executive officers of the institution.

“(3) ANNUAL REPORT.—Not later than 18 months after the date of enactment of this subsection, and annually thereafter, the Fund shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives, and make publicly available on the website of the Fund, a report—

“(A) on the data and trends of the diversity information made available pursuant to paragraph (2); and

“(B) containing all administrative or legislative recommendations of the Fund to enhance the implementation of this title or to promote diversity and inclusion within community development financial institutions.”.

SEC. 3. CAPITAL INVESTMENTS, GRANTS, AND TECHNOLOGY SUPPORT FOR MDIS AND CDFIS.

(a) Authorization of Appropriation.—There is authorized to be appropriated to the Emergency Capital Investment Fund $4,000,000,000.
(b) CONFORMING AMENDMENTS TO ALLOW FOR ADDITIONAL PURCHASES OF CAPITAL.—Section 104A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4703a) is amended—

(1) in subsection (c), by striking paragraph (2); and

(2) in subsection (e), by striking paragraph (2).

(c) USE OF FUNDS FOR CDFI FINANCIAL AND TECHNICAL ASSISTANCE.—Section 104A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4703a) is amended by adding at the end the following:

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''(p) USE OF FUNDS FOR CDFI FINANCIAL AND TECHNICAL ASSISTANCE.—The Secretary may transfer amounts in the Emergency Capital Investment Fund to the Fund for the purpose of providing financial and technical assistance grants to community development financial institutions certified by the Secretary.''
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(d) TECHNOLOGY GRANTS FOR MDIS AND CDFIS.—

Section 104A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4703a), as amended by subsection (c), is further amended by adding at the end the following:

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''(q) TECHNOLOGY GRANTS FOR MDIS AND CDFIS.—
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“(1) Study and report on certain technology challenges.—

“(A) Study.—The Secretary shall carry out a study on the technology challenges impacting minority depository institutions and community development financial institutions with respect to—

“(i) internal technology capabilities and capacity of the institutions to process loan applications and otherwise serve current and potential customers through the internet, mobile phone applications, and other tools;

“(ii) technology capabilities and capacity of the institutions, provided in partnership with third party companies, to process loan applications and otherwise serve current and potential customers through the internet, mobile phone applications, and other tools; and

“(iii) cybersecurity.

“(B) Report.—Not later than 1 year after the date of the enactment of this subsection, the Secretary shall submit a report to the Committee on Financial Services of the
House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate that includes the results of the study required under subparagraph (A).

“(2) GRANT PROGRAM.—

“(A) PROGRAM AUTHORIZED.—The Secretary shall carry out a grant program to make grants to minority depository institutions and community development financial institutions to address technology challenges impacting such institutions.

“(B) APPLICATION.—To be eligible to be awarded a grant under this paragraph, a minority depository institution or community development financial institution shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

“(C) USE OF FUNDS.—A minority depository institution or community development financial institution that is awarded a grant under this paragraph shall use the grant funds to—

“(i) enhance or adopt technologies
“(I) shorten loan approval processes;
““(II) improve customer experience; and
““(III) provide additional services to customers; and
“(ii) carry out such other activities as the Secretary determines appropriate.
“(3) FUNDING.—The Secretary may use amounts in the Emergency Capital Investment Fund to make grants under paragraph (2), but not to exceed $1,000,000,000 in the aggregate.”

SEC. 4. SUPPORTING YOUNG ENTREPRENEURS PROGRAM.

Section 108 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4707), as amended by section 2(a)(1), is further amended by adding at the end the following:
“(j) SUPPORTING YOUNG ENTREPRENEURS PROGRAM.—
“(1) IN GENERAL.—The Fund shall establish a Supporting Young Entrepreneurs Program under which the Fund may provide financial awards to the community development financial institutions that the Fund determines have the best programs to help
young entrepreneurs get the start up capital needed
to start a small business.

“(2) NO MATCHING REQUIREMENT.—The
matching requirement under subsection (e) shall not
apply to awards made under this subsection.

“(3) FUNDING.—In carrying out this sub-
section, the Fund may use—

“(A) amounts in the Emergency Capital
Investment Fund, but not to exceed
$100,000,000 in the aggregate; and

“(B) such other funds as may be appro-
priated by Congress to the Fund to carry out
the Supporting Young Entrepreneurs Pro-
gram.”.

SEC. 5. MAP OF MINORITY DEPOSITORY INSTITUTIONS AND
COMMUNITY DEVELOPMENT FINANCIAL IN-
STITUTIONS.

(a) IN GENERAL.—The Secretary of the Treasury, in
consultation with the CDFI Fund and the Federal bank-
ing agencies, shall establish an interactive, searchable map
showing the geographic locations of minority depository
institutions and community development financial institu-
tions that have been certified by the Secretary. Such map
shall also provide a link to the website of each such minor-
ity depository institution and community development financial institution.

(b) DEFINITIONS.—In this section:

(1) CDFI Fund.—The term “CDFI Fund” means the Community Development Financial Institutions Fund established under section 104(a) of the Riegle Community Development and Regulatory Improvement Act of 1994.

(2) Community Development Financial Institution.—The term “community development financial institution” has the meaning given in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994.

(3) Federal Banking Agency.—The term “Federal banking agency”—

(A) has the meaning given in section 3 of the Federal Deposit Insurance Act; and

(B) means the National Credit Union Administration.

(4) Minority Depository Institution.—The term “minority depository institution” has the meaning given in section 308(b) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.
SEC. 6. REPORT ON CERTIFIED COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS.

Section 117(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4716(a)) is amended—

(1) by striking “The Fund” and inserting the following:

“(1) IN GENERAL.—The Fund”;

(2) by striking “and the Congress” and inserting “, the Congress, and the public”; and

(3) by adding at the end the following:

“(2) REPORT ON CERTIFIED COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS.—The annual report required under paragraph (1) shall include a report on community development financial institutions (‘CDFIs’) that have been certified by the Secretary of the Treasury, including a summary with aggregate data and analysis, to the fullest extent practicable, regarding—

“(A) a list of the types of organizations that are certified as CDFIs, and the number of each type of organization;

“(B) the geographic location and capacity of different types of certified CDFIs;
“(C) the primary lines of business for different types of certified CDFIs, as well as any secondary lines of business;

“(D) human resources and staffing information for different types of certified CDFIs, including—

“(E) the types of development services provided by different types of certified CDFIs;

“(F) the target markets of different types of certified CDFIs and the amount of products and services offered by CDFIs to those target markets, including—

“(i) the number and amount of loans and loan guarantees made in those target markets;

“(ii) the number and amount of other investments made in those target markets; and

“(iii) the number and amount of development services offered in those target markets; and

“(G) the clients and communities served by different types of certified CDFIs, including—

“(i) the annual median income of communities served; and
“(ii) with respect to other targeted populations, a break down by business line and financial products provided, with such information disaggregated by race and ethnicity, to the fullest extent practicable.

“(3) OTHER TARGETED POPULATIONS DEFINED.—In this subsection, with respect to a certified CDFI, the term ‘other targeted populations’ means individuals, or an identifiable group of individuals, who—

“(A) lack adequate access to financial products and financial services in the CDFI’s target market; and

“(B) reside within census tracts that are at least 50 percent majority-minority.”.

SEC. 7. CONSULTATION REQUIREMENT FOR SELECTION OF COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION APPLICANTS.

(a) IN GENERAL.—Section 107 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4706) is amended by adding at the end the following:

“(e) Consultation Required.—
“(1) IN GENERAL.—Before selecting an applicant under this section, the Fund shall consult with the applicable Federal regulator for the applicant.

“(2) APPLICABLE FEDERAL REGULATOR DEFINED.—In this subsection, the term ‘applicable Federal regulator’ means—

“(A) with respect to an applicant that is regulated by both an appropriate Federal banking agency and the Bureau of Consumer Financial Protection, the Bureau of Consumer Financial Protection;

“(B) with respect to an applicant that is not regulated by the Bureau of Consumer Financial Protection, the appropriate Federal banking agency for such applicant; or

“(C) the Bureau of Consumer Financial Protection, with respect to an applicant—

“(i) that is not regulated by an appropriate Federal banking agency; and

“(ii) that offers or provides consumer financial products or services (as defined in section 1002 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5481)).”.

(b) CDFI AND COMMUNITY PARTNER CO-

APPLICANTS.—Section 106 of the Riegle Community De-

velopment and Regulatory Improvement Act of 1994 (12

U.S.C. 4705) is amended—

(1) by redesignating subsections (d) and (e) as

subsections (e) and (f), respectively; and

(2) by inserting after subsection (e) the fol-

lowing:

“(d) CONSULTATION REQUIRED.—Before selecting

an application under subsection (c), the Fund shall consult

with each applicable Federal regulator (as defined in sec-

tion 107(c)(2)) for the coapplicants of such application.”.

SEC. 8. ACCESS TO THE DISCOUNT WINDOW OF THE FED-

ERAL RESERVE SYSTEM FOR MDIS AND

CDFIS.

The Board of Governors of the Federal Reserve Sys-

tem shall establish a process under which minority deposi-

tory institutions and community development financial in-

stitutions may have access to the discount window, at the

seasonal credit interest rate most recently published on

the Federal Reserve Statistical Release on selected interest

rates (daily or weekly).

SEC. 9. STUDY ON SECURITIZATION BY CDFIS.

(a) IN GENERAL.—The Secretary of the Treasury, in

consultation with the Community Development Financial
Institutions Fund and such other Federal agencies as the Secretary determines appropriate, shall carry out a study on—

(1) the use of securitization by CDFIs;

(2) any barriers to the use of securitization as a source of liquidity by CDFIs; and

(3) any authorities available to the Government to support the use of securitization by CDFIs to the extent it helps serve underserved communities.

(b) REPORT.—Not later than the end of the 1-year period beginning on the date of enactment of this Act, the Secretary shall issue a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing—

(1) all findings and determinations made in carrying out the study required under subsection (a); and

(2) any legislative or administrative recommendations of the Secretary that would promote the responsible use of securitization to help CDFIs in reaching more underserved communities.

(e) CDFI DEFINED.—The term “CDFI” has the meaning given the term “community development financial institution” under section 103 of the Riegle Commu-

3 SEC. 10. 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 al-
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 transactions 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 eligi-
ble 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, com-
community development financial institutions and State,
local, or Tribal government entities.

(5) According to the CDFI Fund, some pro-
grams attract as much as $10 in private capital for
every $1 invested by the CDFI Fund. The Adminis-
tration and the Congress should prioritize appropria-
tion of funds for the loan loss reserve fund and tech-
nical assistance programs administered by the Com-

(b) DEFINITIONS.—In this section:

(1) COMMUNITY DEVELOPMENT FINANCIAL IN-
istitution.—The term “community development fi-
nancial institution” has the meaning given under
section 103 of the Riegle Community Development
and Regulatory Improvement Act of 1994 (12

(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

(c) 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 (2), 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 containing 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”.

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(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 Depositories 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 respective covered regulator is the covered regulator of such depository institution or insured 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 practicable, each covered regulator shall ensure that the members of the Minority Depositories Advisory Committee of such agency reflect the diversity of covered minority institutions.

(4) Meetings.—

(A) In general.—Each Minority Depositories Advisory Committee shall meet not less frequently than twice each year.

(B) Notice and Invitations.—Each Minority 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-
vance of each meeting of the Minority Depositories Advisory Committee; and

(ii) invite the attendance at each meeting of the Minority Depositories Advisory 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 Representatives 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 Re-
form, Recovery, and Enforcement Act of 1989
(12 U.S.C. 1463 note)).

(C) DEPOSITORY INSTITUTION.—The term
“depository institution” has the meaning given
under section 3 of the Federal Deposit Insur-

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

(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 ‘de-
pository institution’ means an ‘insured depository in-
stitution’ (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).”;

(B) in subsection (b), as amended by subsection (d)(7), 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 sec-
tion 2(c) of the Promoting and Advancing Communities of Color through Inclusive Lending Act.”

(2) TECHNICAL AMENDMENTS.—Section 308(b) 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”.

(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.

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

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

“(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(e)”:

(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. 1691e–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 section 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 developed and provided for examiners related specifically 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 candidates applying for examiner positions, including through outreach efforts to recruit diverse candidate to apply for entry-level examiner positions; and

(B) for retaining and providing fair consideration 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 Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration.

(h) INVESTMENTS IN MINORITY DEPOSITORY INSTITUTIONS 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 indirectly—

“(i) to direct the management or policies of an insured depository institution; or
“(ii)(I) to vote 25 per centum or more of any class of voting securities of an insured depository institution; or

“(II) with respect to an insured depository institution that is an impact bank (as designated pursuant to section 2(c) of the 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 agencies (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 to allow 3 years to meet the capital requirements otherwise applicable to minority depository institutions.

(3) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Federal banking agencies shall jointly submit to Congress a report on—
(A) the principal causes for the low number 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

(C) regulatory and legislative considerations to promote the establishment of de novo minority depository institutions.

(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 subsection—

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

(3) LIMITATIONS.—

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

(B) TOTAL DEPOSITS.—The total amount of funds deposited in a covered bank under the
custodial deposit program described under this subsection may not exceed the lesser of—

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

(ii) $100,000,000 (as adjusted for inflation).

(4) 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 program.

(5) 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 (c) that is well capitalized, as defined by the appropriate Federal banking agency.
(B) Insured Amount.—The term “insured amount” means the amount that is the greater of—

(i) the standard maximum deposit insurance amount (as defined in section 11(a)(1)(E) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(1)(E))); or

(ii) such higher amount negotiated between the Secretary of the Treasury and the Federal Deposit Insurance Corporation under which the Corporation will insure all deposits of such higher amount.

(C) 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.

(D) 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 community 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 2(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 Ad-
ministrator of the Small Business Administration
shall establish a task force to examine methods for
improving relationships between the Small Business
Administration and community development finan-
cial institutions, minority depository institutions,
and Impact Banks to increase the volume of loans
provided by such institutions to small business con-
cerns (as defined under section 3 of the Small Busi-
ness Act (15 U.S.C. 632)).

(2) Report to Congress.—Not later than 18
months after the establishment of the task force de-
scribed in paragraph (1), the Administrator of the
Small Business Administration shall submit to Con-
gress a report on the findings of such task force.

SEC. 11. ESTABLISHMENT OF FINANCIAL AGENT PARTNER-
SHIP PROGRAM.

(a) In general.—Section 308 of the Financial In-
stitutions Reform, Recovery, and Enforcement Act of
1989 (12 U.S.C. 1463 note), as amended by section 10(e)(1)(A), is further amended by adding at the end the following new subsection:

“(e) FINANCIAL AGENT PARTNERSHIP PROGRAM.—

“(1) IN GENERAL.—The Secretary of the Treasury shall establish a program to be known as the ‘Financial Agent Partnership 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) FINANCIAL PARTNERSHIPS.—
“(A) IN GENERAL.—Any large financial institution participating in a program with the Department of the Treasury, if not already required to include a small financial institution, shall offer not more than 5 percent of every contract under that program to a small financial institution.

“(B) ACCEPTANCE OF RISK.—As a requirement of participation in a contract described under subparagraph (A), a small financial institution shall accept the risk of the transaction equivalent to the percentage of any fee the institution receives under the contract.

“(C) PARTNER.—A large financial institution partner may work with small financial institutions, if necessary, to train professionals to understand any risks involved in a contract under the Program.

“(D) INCREASED LIMIT FOR CERTAIN INSTITUTIONS.—With respect to a program described under subparagraph (A), if the Secretary of the Treasury determines that it would be appropriate and would encourage capacity building, the Secretary may alter the require-
ments under subparagraph (A) to require
both—

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

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

“(4) 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.

“(5) 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 insti-
tutions participating in such Program; and
“(B) the number of outreach events described in paragraph (2) held during the year covered by such report.

“(6) DEFINITIONS.—In this subsection:

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

“(B) 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.

“(C) 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.

“(D) 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. 12. CDFI BOND GUARANTEE REFORM.

Section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a) is amended—

(1) in subsection (c)(2), by striking “, multiplied by an amount equal to the outstanding principal balance of issued notes or bonds”;

(2) in subsection (c)(2)(B), by striking “$100,000,000” and inserting “$25,000,000”; and

(3) by striking subsection (k).