

119TH CONGRESS
1ST SESSION

H. R. 478

To require the appropriate Federal banking agencies to establish a 3-year phase-in period for de novo financial institutions to comply with Federal capital standards, to provide relief for de novo rural community banks, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 16, 2025

Mr. BARR introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To require the appropriate Federal banking agencies to establish a 3-year phase-in period for de novo financial institutions to comply with Federal capital standards, to provide relief for de novo rural community banks, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Promoting New Bank
5 Formation Act”.

1 **SEC. 2. PHASE-IN OF CAPITAL STANDARDS.**

2 The Federal banking agencies shall issue rules that
3 provide for a 3-year phase-in period for a depository insti-
4 tution or depository institution holding company to meet
5 any Federal capital requirements that would otherwise be
6 applicable to the depository institution or depository insti-
7 tution holding company, beginning on—

8 (1) the date on which the depository institution
9 became an insured depository institution; or

10 (2) in the case of a depository institution hold-
11 ing company, the date on which the depository insti-
12 tution subsidiary of the depository institution hold-
13 ing company became an insured depository institu-
14 tion.

15 **SEC. 3. CHANGES TO BUSINESS PLANS.**

16 (a) **IN GENERAL.**—During the 3-year period begin-
17 ning on the date on which a depository institution became
18 an insured depository institution, the insured depository
19 institution or its depository institution holding company
20 may request to deviate from a business plan that has been
21 approved by the appropriate Federal banking agency by
22 submitting a request to such agency pursuant to this sec-
23 tion.

24 (b) **REVIEW OF CHANGES.**—An appropriate Federal
25 banking agency shall, not later than the end of the 30-

1 day period beginning on the receipt of a request under
2 subsection (a)—

3 (1) approve, conditionally approve, or deny such
4 request; and

5 (2) notify the applicant of such decision and, if
6 the agency denies the request—

7 (A) provide the applicant with the reason
8 for such denial; and

9 (B) suggest changes to the request that, if
10 adopted, would allow the agency to approve
11 such request.

12 (c) **RESULT OF FAILURE TO ACT.**—If an appropriate
13 Federal banking agency fails to approve or deny a request
14 within the 30-day period required under subsection (b),
15 such request shall be deemed to be approved.

16 **SEC. 4. RURAL COMMUNITY DEPOSITORY INSTITUTION LE-**
17 **VERAGE RATIO.**

18 (a) **IN GENERAL.**—During the 3-year period begin-
19 ning on the date on which a rural depository institution
20 became an insured depository institution, the Community
21 Bank Leverage Ratio for the rural community bank shall
22 be 8 percent.

23 (b) **PHASE-IN AUTHORITY.**—The Federal banking
24 agencies shall issue rules to phase-in the Community Bank
25 Leverage Ratio described under subsection (a) with re-

1 spect to a rural depository institution by setting lower
2 Community Bank Leverage Ratio percentages during the
3 first 2 years of the 3-year period described under sub-
4 section (a).

5 (c) DEFINITIONS.—In this section:

6 (1) COMMUNITY BANK LEVERAGE RATIO.—The
7 term “Community Bank Leverage Ratio” has the
8 meaning given that term under section 201(a) of the
9 Economic Growth, Regulatory Relief, and Consumer
10 Protection Act (12 U.S.C. 5371 note).

11 (2) RURAL DEPOSITORY INSTITUTION.—The
12 term “rural depository institution” means a depository
13 institution—

14 (A) with total consolidated assets of less
15 than \$10,000,000,000; and

16 (B) located in a rural area, as defined
17 under section 1026.35(b)(iv)(A) of title 12,
18 Code of Federal Regulations.

19 **SEC. 5. AGRICULTURAL LOAN AUTHORITY FOR FEDERAL**
20 **SAVINGS ASSOCIATIONS.**

21 Section 5(c) of the Home Owners’ Loan Act (12
22 U.S.C. 1464(c)) is amended—

23 (1) in paragraph (1), by adding at the end the
24 following:

1 “(V) AGRICULTURAL LOANS.—Secured or
2 unsecured loans for agricultural purposes.”; and
3 (2) in paragraph (2)(A), by striking “business,
4 or agricultural” and inserting “or business”.

5 **SEC. 6. STUDY ON DE NOVO INSURED DEPOSITORY INSTI-**
6 **TUTIONS.**

7 (a) STUDY.—The Federal banking agencies shall,
8 jointly, carry out a study on—

9 (1) the principal causes for the low number of
10 de novo insured depository institutions in the 10-
11 year period ending on the date of enactment of this
12 Act; and

13 (2) ways to promote more de novo insured de-
14 pository institutions in areas currently underserved
15 by insured depository institutions.

16 (b) REPORT TO CONGRESS.—Not later than the end
17 of the 1-year period beginning on the date of enactment
18 of this Act, the Federal banking agencies shall, jointly,
19 issue a report to Congress containing all findings and de-
20 terminations made in carrying out the study required
21 under subsection (a).

22 **SEC. 7. DEFINITIONS.**

23 In this Act, the terms “appropriate Federal banking
24 agency”, “depository institution”, “depository institution
25 holding company”, “Federal banking agency”, and “in-

1 sured depository institution” have the meaning given those
2 terms, respectively, under section 3 of the Federal Deposit
3 Insurance Act.

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