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(Original Signature of Member)

117TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To amend the Community Reinvestment Act of 1977 to improve the assessment process for financial institutions under that Act, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

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

\_\_\_\_\_  
**A BILL**

To amend the Community Reinvestment Act of 1977 to improve the assessment process for financial institutions under that Act, 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 “Making Communities  
5 Stronger through the Community Reinvestment Act”.

6 **SEC. 2. FINDING.**

7 The Congress finds that Senator William Proxmire,  
8 who authored the Community Reinvestment Act of 1977

1 legislation, testified when discussing its purpose: “By red-  
2 lining...I am talking about the fact that banks and savings  
3 and loans will take their deposits from a community and  
4 instead of reinvesting them in that community, they will  
5 actually or figuratively draw a red line on a map around  
6 the areas of their city, sometimes in the inner city, some-  
7 times in the older neighborhoods, sometimes ethnic and  
8 sometimes black, but often encompassing a great area of  
9 their neighborhood.”.

10 **SEC. 3. ASSESSMENT OF COMMUNITY SERVICE.**

11 (a) IN GENERAL.—Section 804 of the Community  
12 Reinvestment Act of 1977 (12 U.S.C. 2903) is amended  
13 by adding at the end the following:

14 “(e) ASSESSMENT OF COMMUNITY SERVICE.—

15 “(1) IN GENERAL.—In assessing and taking  
16 into account, under subsection (a), any community  
17 service or charity work performed by the executives,  
18 board members, and employees of a financial institu-  
19 tion, the appropriate Federal financial supervisory  
20 agency may not give any credit for such service or  
21 work unless—

22 “(A) the executives, board members, and  
23 employees performing such service or work were  
24 acting as representatives of the financial insti-

1           tution at the time the service or work were per-  
2           formed;

3           “(B) with respect to a financial institution  
4           with total consolidated assets of at least  
5           \$2,000,000,000, the financial institution—

6                   “(i) collects and maintains relevant  
7                   information with respect to the community  
8                   service and charity work of the financial  
9                   institution, in a format prescribed by the  
10                  appropriate Federal financial supervisory  
11                  agency; and

12                   “(ii) reports such information on an  
13                   annual basis to the appropriate Federal fi-  
14                   nancial supervisory agency; and

15           “(C) the financial institution demonstrates  
16           the impact of the community service or charity  
17           work on low- and moderate-income neighbor-  
18           hoods, including whether the community service  
19           or charity work—

20                   “(i) serves persistent poverty counties;

21                   “(ii) serves geographic areas with low  
22                   levels of community development financing;

23                   “(iii) supports a minority depository  
24                   institution, women’s depository institution,  
25                   low-income credit union, or a community

1 development financial institution certified  
2 by the Secretary of the Treasury;

3 “(iv) serves low-income individuals  
4 and families;

5 “(v) supports small businesses or  
6 small farms with gross annual revenues of  
7 \$250,000 or less;

8 “(vi) directly facilitates the acquisi-  
9 tion, construction, development, preserva-  
10 tion, or improvement of affordable housing  
11 in high opportunity areas;

12 “(vii) benefits Native communities,  
13 such as—

14 “(I) revitalization activities in  
15 Native Land Areas;

16 “(II) essential community facili-  
17 ties in Native Land Areas;

18 “(III) essential community infra-  
19 structure in Native Land Areas; and

20 “(IV) disaster preparedness and  
21 climate resiliency activities in Native  
22 Land Areas;

23 “(viii) reflects a high degree of en-  
24 gagement with community partners, and

1 are highly responsive to the needs of low-  
2 income communities;

3 “(ix) result in a new community devel-  
4 opment financing product or service that  
5 addresses community development needs  
6 for low- or moderate-income individuals  
7 and families; or

8 “(x) serves limited English proficient  
9 communities.

10 “(2) DEFINITIONS.—In this subsection:

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

17 “(B) HIGH OPPORTUNITY AREA.—The  
18 term ‘high opportunity area’ means an area—

19 “(i) designated by—

20 “(I) the Secretary of Housing  
21 and Urban Development as a Difficult  
22 Development Area; or

23 “(II) a State or local qualified al-  
24 location plan as a high opportunity  
25 area; and

1 “(ii) with a poverty rate below—

2 “(I) 10 percent, with respect to a  
3 metropolitan area; or

4 “(II) 15 percent, with respect to  
5 an area that is not a metropolitan  
6 area.

7 “(C) NATIVE LAND AREA.—The term ‘Na-  
8 tive Land Area’ means—

9 “(i) all land within the limits of any  
10 Indian reservation under the jurisdiction of  
11 the Federal Government, as described in  
12 section 1151(a) of title 18, United States  
13 Code;

14 “(ii) all dependent Indian commu-  
15 nities within the borders of the United  
16 States whether within the original or sub-  
17 sequently acquired territory thereof, and  
18 whether within or without the limits of a  
19 State, as described in section 1151(b) of  
20 title 18, United States Code;

21 “(iii) all Indian allotments, the Indian  
22 titles to which have not been extinguished,  
23 including rights-of-way running through  
24 the same, as defined in section 1151(c) of  
25 title 18, United States Code;

1           “(iv) any land held in trust by the  
2           United States for Native Americans, as de-  
3           scribed in section 3765(1)(A) of title 38,  
4           United States Code;

5           “(v) reservations established by a  
6           State government for a Tribe or Tribes  
7           recognized by the State;

8           “(vi) any Alaska Native village as de-  
9           fined in section 3 of the Alaska Native  
10          Claims Settlement Act (43 U.S.C. 1602);

11          “(vii) lands that have the status of  
12          Hawaiian Home Lands as defined in sec-  
13          tion 204 of the Hawaiian Homes Commis-  
14          sion Act, 1920 (42 Stat. 108);

15          “(viii) areas defined by the Bureau of  
16          the Census as Alaska Native Village Sta-  
17          tistical Areas, Oklahoma Tribal Statistical  
18          Areas, Tribal-Designated Statistical Areas,  
19          or American Indian Joint-Use Areas; and

20          “(ix) land areas of State-recognized  
21          Indian tribes and heritage groups that are  
22          defined and recognized by individual States  
23          and included in the annual Boundary and  
24          Annexation Survey of the Bureau of the  
25          Census.

1           “(D) PERSISTENT POVERTY COUNTY.—  
2           Term ‘persistent poverty county’ means a coun-  
3           ty that has had poverty rates of 20 percent or  
4           more for the past 30 years, as measured by the  
5           most recent decennial censuses.”.

6           (b) EFFECTIVE DATE.—Section 804(e) of the Com-  
7           munity Reinvestment Act of 1977, as added by subsection  
8           (a), shall take effect after the end of the 90-day period  
9           beginning on the date of enactment of this Act.

10 **SEC. 4. TREATMENT OF ILLEGAL AND DISCRIMINATORY**  
11 **ACTIVITY.**

12           Section 804 of the Community Reinvestment Act of  
13           1977 (12 U.S.C. 2903), as amended by section 3, is fur-  
14           ther amended by adding at the end the following:

15           “(f) TREATMENT OF ILLEGAL OR DISCRIMINATORY  
16           ACTIVITY.—

17           “(1) IN GENERAL.—In assessing and taking  
18           into account, under subsection (a), the record of a  
19           financial institution, the appropriate Federal finan-  
20           cial supervisory agency shall give negative credit for  
21           any activity of the financial institution, a subsidiary  
22           of the financial institution, or an entity partnering  
23           with the financial institution or subsidiary that in-  
24           cludes evidence of an illegal or discriminatory prac-  
25           tice, including—



1           “(A) activity that harms, including by dis-  
2           placing, residents of low- and moderate-income  
3           neighborhoods;

4           “(B) any violation of Federal law, regard-  
5           less of whether the violation is credit-related or  
6           not, including any violation of section 987(b) of  
7           title 10, United States Code (commonly re-  
8           ferred to as the ‘Military Lending Act’), the  
9           Servicemembers Civil Relief Act, or prohibitions  
10          against unfair, deceptive, or abusive acts or  
11          practices;

12          “(C) any violation of State law; and

13          “(D) any evidence of discriminatory prac-  
14          tices obtained by—

15                 “(i) the Bureau of Consumer Finan-  
16                 cial Protection as a part of the Bureau’s  
17                 regular supervision of the financial institu-  
18                 tion, subsidiary, or entity; and

19                 “(ii) the Department of Housing and  
20                 Urban Development.

21          “(2) CONSIDERATIONS.—In determining the  
22          treatment of any illegal or discriminatory activity de-  
23          scribed under paragraph (1), the appropriate Fed-  
24          eral financial supervisory agency shall consider—

25                 “(A) the root cause of the activity;

1           “(B) the severity of the harm to individ-  
2           uals and communities as a result of the activity;

3           “(C) the duration of time of the activity;  
4           and

5           “(D) the pervasiveness of the activity.

6           “(3) TREATMENT ON TESTS AND OVERALL AS-  
7           SESSMENT.—If, in performing an assessment of a fi-  
8           nancial institution under subsection (a), the appro-  
9           priate Federal financial supervisory agency uses sep-  
10          arate tests or other evaluations as part of the cal-  
11          culation of the overall assessment, the agency shall  
12          give negative credit on both the overall assessment  
13          and any applicable test or evaluation.”.

14 **SEC. 5. COMMUNITY ADVISORY COMMITTEES.**

15          Section 804 of the Community Reinvestment Act of  
16          1977 (12 U.S.C. 2903), as amended by section 4, is fur-  
17          ther amended by adding at the end the following:

18          “(g) COMMUNITY ADVISORY COMMITTEES.—

19                 “(1) IN GENERAL.—Each financial institution  
20                 shall form a separate Community Advisory Com-  
21                 mittee (which shall be composed of a diverse set of  
22                 consumer, housing, community development, and  
23                 other stakeholder groups representing the applicable  
24                 metropolitan statistical area) in each of the fol-  
25                 lowing:

1           “(A) With respect to a financial institution  
2           with consolidated assets equal to or greater  
3           than \$2,000,000,000, each metropolitan statis-  
4           tical area where the financial institution or any  
5           subsidiaries of the financial institution have a  
6           branch or other facility (including an automated  
7           teller machine) and each metropolitan statistical  
8           area where the financial institution has a sub-  
9           stantial number of customers who maintain de-  
10          posit accounts with the financial institution.

11          “(B) With respect to a financial institution  
12          with consolidated assets of less than  
13          \$2,000,000,000, each State where the financial  
14          institution or any subsidiaries of the financial  
15          institution are located.

16          “(2) QUARTERLY CONSULTATION.—The execu-  
17          tives of a financial institution shall meet with all the  
18          financial institution’s Community Advisory Commit-  
19          tees on a quarterly basis—

20                 “(A) to discuss the financial institution’s  
21                 current work to meet the credit and deposit  
22                 needs of low- and moderate-income individuals  
23                 and underserved communities, persons with dis-  
24                 abilities, LGBTQ+ communities, and Chinese,  
25                 Asian Indian, Filipino, Japanese, Korean, Viet-

1 nameese, Pakistani, Cambodian, Hmong, Lao-  
2 tian, Thai, Taiwanese, Burmese, Bangladeshi,  
3 Nepalese, Indonesian, Malaysian, Hispanic or  
4 Latino, Black or African American, American  
5 Indian and Alaska Native, Native Hawaiian,  
6 Samoan, Chamorro, Tongan, iTaukei,  
7 Marshallese, and Other Pacific Islander com-  
8 munities, as applicable to the financial institu-  
9 tion’s geographic areas;

10 “(B) with respect to a financial institution  
11 with consolidated assets equal to or greater  
12 than \$2,000,000,000, to assist the executives in  
13 developing and updating a plan for how the in-  
14 stitution will work to meet the credit needs of  
15 the institution’s entire community, including  
16 low- and moderate-income neighborhoods; and

17 “(C) to discuss the institution’s data  
18 (which shall be disaggregated by Chinese, Asian  
19 Indian, Filipino, Japanese, Korean, Vietnamese,  
20 Pakistani, Cambodian, Hmong, Laotian, Thai,  
21 Taiwanese, Burmese, Bangladeshi, Nepalese,  
22 Indonesian, Malaysian, Hispanic or Latino,  
23 Black or African American, American Indian  
24 and Alaska Native, and Native Hawaiian, Sa-  
25 moan, Chamorro, Tongan, iTaukei, Marshallese

1 and Other Pacific Islander communities, as ap-  
2 plicable to the financial institution’s geographic  
3 areas) on—

4 “(i) mortgage lending and lending to  
5 small businesses and small farms; and

6 “(ii) retail products and services;

7 “(iii) community development services;

8 and

9 “(iv) community development financ-  
10 ing.

11 “(3) SPECIFIC CONSULTATIONS.—In addition to  
12 the quarterly consultations required under para-  
13 graph (2), the executives of a financial institution  
14 with consolidated assets of more than  
15 \$2,000,000,000 shall meet with the Community Ad-  
16 visory Committee before—

17 “(A) the financial institution applies for a  
18 merger or acquisition;

19 “(B) the financial institution, or any sub-  
20 sidiary of the financial institution, applies for  
21 deposit insurance;

22 “(C) the financial institution applies to  
23 open a new branch or to relocate an existing  
24 branch; or

1           “(D) the financial institution provides no-  
2           tice that it would close of a branch or other fa-  
3           cility.”.

4 **SEC. 6. CONSIDERATION OF LENDING IN PARTNERSHIP**  
5 **WITH NON-DEPOSITORY LENDERS.**

6           Section 804 of the Community Reinvestment Act of  
7 1977 (12 U.S.C. 2903), as amended by section 5, is fur-  
8 ther amended by adding at the end the following:

9           “(h) CONSIDERATION OF LENDING IN PARTNERSHIP  
10 WITH NON-DEPOSITORY LENDERS.—

11           “(1) IN GENERAL.—As part of assessing a fi-  
12 nancial institution under subsection (a), the appro-  
13 priate Federal financial supervisory agency shall  
14 evaluate the financial institution’s performance in  
15 originating small farm loans, consumer loans (in-  
16 cluding residential mortgages, unsecured installment  
17 loans, advances, and lines of credit), and loans for  
18 small businesses (including unsecured installment  
19 loans, advances, and lines of credit) in partnership  
20 with one or more non-depository lenders.

21           “(2) AFFORDABILITY AND SUSTAINABILITY.—  
22 In making the evaluation described under paragraph  
23 (1), the appropriate Federal financial supervisory  
24 agency shall consider the affordability and sustain-

1 ability of the loan originations made in partnership  
2 with one or more non-depository lenders.

3 “(3) DEFINITIONS.—In this subsection:

4 “(A) NON-DEPOSITORY LENDER.—The  
5 term ‘non-depository lender’ means a lender  
6 that is not an insured depository institution (as  
7 defined in section 3 of the Federal Deposit In-  
8 surance Act (12 U.S.C. 1813)).

9 “(B) SMALL BUSINESS.—The term ‘small  
10 business’ means a small business concern (as  
11 defined under section 3 of the Small Business  
12 Act (15 U.S.C. 632)), except such term shall  
13 not include any small business concern with  
14 gross annual revenue of greater than  
15 \$5,000,000 for the preceding fiscal year.

16 “(C) SMALL FARM LOAN.—The term  
17 ‘small farm loan’ means a loan—

18 “(i) originated in an amount of  
19 \$500,000 or less; and

20 “(ii) that is reported as a—

21 “(I) loan to finance agricultural  
22 production and other loan to farmers;

23 or

24 “(II) loan secured by farmland.”.

1 **SEC. 7. CONSIDERATION OF SMALL HOME MORTGAGE**  
2 **LENDING.**

3 Section 804 of the Community Reinvestment Act of  
4 1977 (12 U.S.C. 2903), as amended by section 6, is fur-  
5 ther amended by adding at the end the following:

6 “(i) CONSIDERATION OF SMALL HOME MORTGAGE  
7 LENDING.—

8 “(1) IN GENERAL.—As part of assessing a fi-  
9 nancial institution under subsection (a), the appro-  
10 priate Federal financial supervisory agency shall  
11 evaluate the financial institution’s performance in  
12 facilitating home mortgage lending targeted to low-  
13 and moderate-income borrowers in a safe and sound  
14 manner, including—

15 “(A) small-dollar, first-lien mortgages of  
16 \$100,000 or less in value that facilitate a home  
17 purchase or help a borrower to refinance an ex-  
18 isting mortgage; and

19 “(B) mortgages of any size originated in  
20 cooperation with a minority depository institu-  
21 tion, women’s depository institution, low-income  
22 credit union, or a community development fi-  
23 nancial institution certified by the Secretary of  
24 the Treasury (as defined under section 103 of  
25 the Riegle Community Development and Regu-  
26 latory Improvement Act of 1994).



1           “(2) DATA COLLECTION AND REPORTING BY  
2           LARGE FINANCIAL INSTITUTIONS.—

3           “(A) IN GENERAL.—Each large financial  
4           institution shall collect, maintain, and report to  
5           the appropriate Federal financial supervisory  
6           agency—

7                   “(i) mortgage loan data needed to cal-  
8                   culate retail lending volume and distribu-  
9                   tion metrics;

10                   “(ii) information related to demo-  
11                   graphics of borrowers, including the in-  
12                   come, gender identity, sexual orientation,  
13                   race, and ethnicity of mortgage applicants;

14                   “(iii) the number of mortgage loans  
15                   originated with a value of \$100,000 or  
16                   less, as well as the demographics of bor-  
17                   rowers, including income, gender, race, and  
18                   ethnicity; and

19                   “(iv) if the financial institution has a  
20                   special purpose credit program that fo-  
21                   cuses on borrowers from Hispanic or  
22                   Latino, Black or African American, Chi-  
23                   nese, Asian Indian, Filipino, Japanese, Ko-  
24                   rean, Vietnamese, Pakistani, Cambodian,  
25                   Hmong, Laotian, Thai, Taiwanese, Bur-

1           mese, Bangladeshi, Nepalese, Indonesian,  
2           Malaysian, American Indian and Alaska  
3           Native, Native Hawaiian, Samoan,  
4           Chamorro, Tongan, iTaukei, Marshallese,  
5           and Other Pacific Islander communities,  
6           all mortgage loans originated by the finan-  
7           cial institution under such program that  
8           are made for the purpose of a home pur-  
9           chase or to refinance a mortgage loan  
10          made for the purpose of a home purchase.

11          “(B) TEMPLATE.—The appropriate Fed-  
12          eral financial supervisory agencies shall, jointly,  
13          issue rules to establish a template that large fi-  
14          nancial institutions shall use to collect informa-  
15          tion required to be collected under this para-  
16          graph.

17          “(3) ADDITIONAL CONSIDERATION OF SMALL  
18          DOLLAR MORTGAGES BY SMALL AND INTERMEDIATE  
19          FINANCIAL INSTITUTIONS.—

20          “(A) IN GENERAL.—As part of assessing a  
21          small or intermediate financial institution under  
22          subsection (a), the appropriate Federal finan-  
23          cial supervisory agency shall, at the request of  
24          the financial institution, provide additional con-  
25          sideration of any mortgages extended by the fi-

1           nancial institution that are small-dollar mort-  
2           gages of \$100,000 or less in value that facili-  
3           tate a home purchase or help a borrower to re-  
4           finance an existing mortgage.

5           “(B) RATING ADJUSTMENT.—If the appro-  
6           priate Federal financial supervisory agency  
7           planned to assign a rating under section  
8           807(b)(2) to a small or intermediate financial  
9           institution of ‘Satisfactory record of meeting  
10          community credit needs’, the appropriate Fed-  
11          eral financial supervisory agency may, after the  
12          additional consideration described under sub-  
13          paragraph (A), change such rating to ‘Out-  
14          standing record of meeting community credit  
15          needs’, if the appropriate Federal financial su-  
16          pervisory agency determines such change is ap-  
17          propriate.

18          “(4) DEFINITIONS.—The Board of Governors  
19          of the Federal Reserve System, the Comptroller of  
20          the Currency, and the Federal Deposit Insurance  
21          Corporation shall, jointly, define the terms ‘large fi-  
22          nancial institution’ and ‘small or intermediate finan-  
23          cial institution’ for purposes of this subsection.”.

1 **SEC. 8. STUDY ON DISCRIMINATION AND DISPARITIES IN**  
2 **ACCESS TO CREDIT.**

3 The Community Reinvestment Act of 1977 (12  
4 U.S.C. 2901 et seq.) is amended by adding at the end  
5 the following:

6 **“SEC. 810. STUDY ON DISCRIMINATION AND DISPARITIES IN**  
7 **ACCESS TO CREDIT.**

8 “(a) **STUDY.**—Not later than the end of the 2-year  
9 period beginning on the date of enactment of this section,  
10 and every 2 years thereafter, the appropriate Federal fi-  
11 nancial supervisory agencies shall, jointly, and in consulta-  
12 tion with such other Federal or State agencies as the ap-  
13 propriate Federal financial supervisory agencies determine  
14 appropriate, complete an interagency statistical study to  
15 identify metropolitan areas and rural counties that either  
16 experience ongoing discrimination or exhibit significant ra-  
17 cial disparities in access to credit for any racial or ethnic  
18 group.

19 “(b) **USE OF DATA.**—In carrying out each study re-  
20 quired under subsection (a), the appropriate Federal fi-  
21 nancial supervisory agencies shall make use of—

22 “(1) data obtained under the Home Mortgage  
23 Disclosure Act of 1975;

24 “(2) data obtained under section 704B of the  
25 Equal Credit Opportunity Act;

26 “(3) available State data; and

1           “(4) information contained in public litigation  
2           against regulated financial institutions for redlining  
3           or lending discrimination (including litigation initi-  
4           ated by the Bureau of Consumer Financial Protec-  
5           tion, the Department of Housing and Urban Affairs,  
6           the Department of Justice, or by private parties).

7           “(c) REPORT.—Upon the completion of each study  
8           required under subsection (a), the appropriate Federal fi-  
9           nancial supervisory agencies shall, jointly, issue a report  
10          to the Committee on Financial Services of the House of  
11          Representatives and the Committee on Banking, Housing,  
12          and Urban Affairs of the Senate, containing—

13                 “(1) all findings and determinations made in  
14                 carrying out the study; and

15                 “(2) policy recommendations to remedy the dis-  
16                 crimination and disparities identified in the study.”.