

**[DISCUSSION DRAFT]**

117<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

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

To establish or modify requirements relating to minority depository institutions, community development financial institutions, and impact banks, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. MEEKS introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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**A BILL**

To establish or modify requirements relating to minority depository institutions, community development financial institutions, and impact 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Ensuring Diversity in Community Banking Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

- Sec. 2. Sense of Congress on funding the loan-loss reserve fund for small dollar loans.
- Sec. 3. Definitions.
- Sec. 4. Inclusion of women's banks in the definition of minority depository institution.
- Sec. 5. Establishment of impact bank designation.
- Sec. 6. Minority Depositories Advisory Committees.
- Sec. 7. Federal deposits in minority depository institutions.
- Sec. 8. Minority Bank Deposit Program.
- Sec. 9. Diversity report and best practices.
- Sec. 10. Investments in minority depository institutions and impact banks.
- Sec. 11. Report on covered mentor-protege programs.
- Sec. 12. Custodial deposit program for covered minority depository institutions and impact banks.
- Sec. 13. Streamlined community development financial institution applications and reporting.
- Sec. 14. Task force on lending to small business concerns.
- Sec. 15. Discretionary surplus funds.
- Sec. 16. Determination of Budgetary Effects.

1 **SEC. 2. SENSE OF CONGRESS ON FUNDING THE LOAN-LOSS**  
2 **RESERVE FUND FOR SMALL DOLLAR LOANS.**

3 The sense of Congress is the following:

4 (1) The Community Development Financial In-  
5 stitutions Fund (the "CDFI Fund") is an agency of  
6 the Department of the Treasury, and was estab-  
7 lished by the Riegle Community Development and  
8 Regulatory Improvement Act of 1994. The mission  
9 of the CDFI Fund is "to expand economic oppor-  
10 tunity for underserved people and communities by  
11 supporting the growth and capacity of a national  
12 network of community development lenders, inves-  
13 tors, and financial service providers". A community  
14 development financial institution (a "CDFI") is a  
15 specialized financial institution serving low-income  
16 communities and a Community Development Entity

1 (a “CDE”) is a domestic corporation or partnership  
2 that is an intermediary vehicle for the provision of  
3 loans, investments, or financial counseling in low-in-  
4 come communities. The CDFI Fund certifies CDFIs  
5 and CDEs. Becoming a certified CDFI or CDE al-  
6 lows organizations to participate in various CDFI  
7 Fund programs as follows:

8 (A) The Bank Enterprise Award Program,  
9 which provides FDIC-insured depository institu-  
10 tions awards for a demonstrated increase in  
11 lending and investments in distressed commu-  
12 nities and CDFIs.

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

18 (C) The Native American CDFI Assistance  
19 Program, which provides CDFIs and spon-  
20 soring entities Financial and Technical Assist-  
21 ance awards to increase lending and grow the  
22 number of CDFIs owned by Native Americans  
23 to help build capacity of such CDFIs.

24 (D) The New Market Tax Credit Program,  
25 which provides tax credits for making equity in-

1 vestments in CDEs that stimulate capital in-  
2 vestments in low-income communities.

3 (E) The Capital Magnet Fund, which pro-  
4 vides awards to CDFIs and nonprofit affordable  
5 housing organizations to finance affordable  
6 housing solutions and related economic develop-  
7 ment activities.

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

12 (2) The Department of the Treasury is author-  
13 ized to create multi-year grant programs designed to  
14 encourage low-to-moderate income individuals to es-  
15 tablish accounts at federally insured banks, and to  
16 improve low-to-moderate income individuals' access  
17 to such accounts on reasonable terms.

18 (3) Under this authority, grants to participants  
19 in CDFI Fund programs may be used for loan-loss  
20 reserves and to establish small-dollar loan programs  
21 by subsidizing related losses. These grants also allow  
22 for the providing recipients with the financial coun-  
23 seling and education necessary to conduct trans-  
24 actions and manage their accounts. These loans pro-  
25 vide low-cost alternatives to payday loans and other

1 nontraditional forms of financing that often impose  
2 excessive interest rates and fees on borrowers, and  
3 lead millions of Americans to fall into debt traps.  
4 Small-dollar loans can only be made pursuant to  
5 terms, conditions, and practices that are reasonable  
6 for the individual consumer obtaining the loan.

7 (4) Program participation is restricted to eligi-  
8 ble institutions, which are limited to organizations  
9 listed in section 501(c)(3) of the Internal Revenue  
10 Code and exempt from tax under 501(a) of such  
11 Code, federally insured depository institutions, com-  
12 munity development financial institutions and State,  
13 local, or Tribal government entities.

14 (5) Since its founding, the CDFI Fund has  
15 awarded over \$3,300,000,000 to CDFIs and CDEs,  
16 allocated \$54,000,000,000 in tax credits, and  
17 \$1,510,000,000 in bond guarantees. According to  
18 the CDFI Fund, some programs attract as much as  
19 \$10 in private capital for every \$1 invested by the  
20 CDFI Fund. The Administration and the Congress  
21 should prioritize appropriation of funds for the loan  
22 loss reserve fund and technical assistance programs  
23 administered by the Community Development Finan-  
24 cial Institution Fund.

1 **SEC. 3. DEFINITIONS.**

2 In this Act:

3 (1) COMMUNITY DEVELOPMENT FINANCIAL IN-  
4 STITUTION.—The term “community development fi-  
5 nancial institution” has the meaning given under  
6 section 103 of the Riegle Community Development  
7 and Regulatory Improvement Act of 1994 (12  
8 U.S.C. 4702).

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

15 **SEC. 4. INCLUSION OF WOMEN’S BANKS IN THE DEFINITION**  
16 **OF MINORITY DEPOSITORY INSTITUTION.**

17 Section 308(b)(1) of the Financial Institutions Re-  
18 form, Recovery, and Enforcement Act of 1989 (12 U.S.C.  
19 1463 note) is amended—

20 (1) by redesignating subparagraphs (A), (B),  
21 and (C) as clauses (i), (ii), and (iii), respectively;

22 (2) by striking “means any” and inserting the  
23 following: “means—

24 “(A) any”; and

25 (3) in clause (iii) (as so redesignated), by strik-  
26 ing the period at the end and inserting “; or”; and

1 (4) by inserting at the end the following new  
2 subparagraph:

3 “(B) any bank described in clause (i), (ii),  
4 or (iii) of section 19(b)(1)(A) of the Federal  
5 Reserve Act—

6 “(i) more than 50 percent of the out-  
7 standing shares of which are held by 1 or  
8 more women; and

9 “(ii) the majority of the directors on  
10 the board of directors of which are  
11 women.”.

12 **SEC. 5. ESTABLISHMENT OF IMPACT BANK DESIGNATION.**

13 (a) IN GENERAL.—Each Federal banking agency  
14 shall establish a program under which a depository institu-  
15 tion with total consolidated assets of less than  
16 \$10,000,000,000 may elect to be designated as an impact  
17 bank if the total dollar value of the loans extended by such  
18 depository institution to low-income borrowers is greater  
19 than or equal to 50 percent of the assets of such bank.

20 (b) NOTIFICATION OF ELIGIBILITY.—Based on data  
21 obtained through examinations of depository institutions,  
22 the appropriate Federal banking agency shall notify a de-  
23 pository institution if the institution is eligible to be des-  
24 ignated as an impact bank.

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

5 (1) requesting to be designated as an impact  
6 bank; and

7 (2) demonstrating that the depository institu-  
8 tion meets the applicable qualifications.

9 (d) LIMITATION ON ADDITIONAL DATA REQUIRE-  
10 MENTS.—The Federal banking agencies may only impose  
11 additional data collection requirements on a depository in-  
12 stitution under this section if such data is—

13 (1) necessary to process an application sub-  
14 mitted by the depository institution to be designated  
15 an impact bank; or

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

20 (e) REMOVAL OF DESIGNATION.—If the appropriate  
21 Federal banking agency determines that a depository in-  
22 stitution designated as an impact bank no longer meets  
23 the criteria for such designation, the appropriate Federal  
24 banking agency shall rescind the designation and notify  
25 the depository institution of such rescission.



1 (f) RECONSIDERATION OF DESIGNATION; AP-  
2 PEALS.—Under such procedures as the Federal banking  
3 agencies may establish, a depository institution may—

4 (1) submit to the appropriate Federal banking  
5 agency a request to reconsider a determination that  
6 such depository institution no longer meets the cri-  
7 teria for the designation; or

8 (2) file an appeal of such determination.

9 (g) RULEMAKING.—Not later than 1 year after the  
10 date of the enactment of this Act, the Federal banking  
11 agencies shall jointly issue rules to carry out the require-  
12 ments of this section, including by providing a definition  
13 of a low-income borrower.

14 (h) REPORTS.—Each Federal banking agency shall  
15 submit an annual report to the Congress containing a de-  
16 scription of actions taken to carry out this section.

17 (i) FEDERAL DEPOSIT INSURANCE ACT DEFINI-  
18 TIONS.—In this section, the terms “depository institu-  
19 tion”, “appropriate Federal banking agency”, and “Fed-  
20 eral banking agency” have the meanings given such terms,  
21 respectively, in section 3 of the Federal Deposit Insurance  
22 Act (12 U.S.C. 1813).

1 **SEC. 6. MINORITY DEPOSITORIES ADVISORY COMMITTEES.**

2 (a) ESTABLISHMENT.—Each covered regulator shall  
3 establish an advisory committee to be called the “Minority  
4 Depositories Advisory Committee”.

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

21 (c) MEMBERSHIP.—

22 (1) IN GENERAL.—Each Minority Depositories  
23 Advisory Committee shall consist of no more than  
24 10 members, who—

25 (A) shall serve for one two-year term;

1 (B) shall serve as a representative of a de-  
2 pository institution or an insured credit union  
3 with respect to which the respective covered  
4 regulator is the covered regulator of such de-  
5 pository institution or insured credit union; and

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

11 (2) DIVERSITY.—To the extent practicable,  
12 each covered regulator shall ensure that the mem-  
13 bers of the Minority Depositories Advisory Com-  
14 mittee of such agency reflect the diversity of covered  
15 minority institutions.

16 (d) MEETINGS.—

17 (1) IN GENERAL.—Each Minority Depositories  
18 Advisory Committee shall meet not less frequently  
19 than twice each year.

20 (2) NOTICE AND INVITATIONS.—Each Minority  
21 Depositories Advisory Committee shall—

22 (A) notify the Committee on Financial  
23 Services of the House of Representatives and  
24 the Committee on Banking, Housing, and  
25 Urban Affairs of the Senate in advance of each

1 meeting of the Minority Depositories Advisory  
2 Committee; and

3 (B) invite the attendance at each meeting  
4 of the Minority Depositories Advisory Com-  
5 mittee of—

6 (i) one member of the majority party  
7 and one member of the minority party of  
8 the Committee on Financial Services of the  
9 House of Representatives and the Com-  
10 mittee on Banking, Housing, and Urban  
11 Affairs of the Senate; and

12 (ii) one member of the majority party  
13 and one member of the minority party of  
14 any relevant subcommittees of such com-  
15 mittees.

16 (e) NO TERMINATION OF ADVISORY COMMITTEES.—  
17 The termination requirements under section 14 of the  
18 Federal Advisory Committee Act (5 U.S.C. app.) shall not  
19 apply to a Minority Depositories Advisory Committee es-  
20 tablished pursuant to this section.

21 (f) DEFINITIONS.—In this section:

22 (1) COVERED REGULATOR.—The term “covered  
23 regulator” means the Comptroller of the Currency,  
24 the Board of Governors of the Federal Reserve Sys-

1       tem, the Federal Deposit Insurance Corporation,  
2       and the National Credit Union Administration.

3           (2) COVERED MINORITY INSTITUTION.—The  
4       term “covered minority institution” means a minor-  
5       ity depository institution (as defined in section  
6       308(b) of the Financial Institutions Reform, Recov-  
7       ery, and Enforcement Act of 1989 (12 U.S.C. 1463  
8       note)).

9           (3) DEPOSITORY INSTITUTION.—The term “de-  
10       pository institution” has the meaning given under  
11       section 3 of the Federal Deposit Insurance Act (12  
12       U.S.C. 1813).

13           (4) INSURED CREDIT UNION.—The term “in-  
14       sured credit union” has the meaning given in section  
15       101 of the Federal Credit Union Act (12 U.S.C.  
16       1752).

17       (g) TECHNICAL AMENDMENT.—Section 308(b) of the  
18       Financial Institutions Reform, Recovery, and Enforce-  
19       ment Act of 1989 (12 U.S.C. 1463 note) is amended by  
20       adding at the end the following new paragraph:

21           “(3) DEPOSITORY INSTITUTION.—The term ‘de-  
22       pository institution’ means an ‘insured depository in-  
23       stitution’ (as defined in section 3 of the Federal De-  
24       posit Insurance Act (12 U.S.C. 1813)) and an in-



1 (b) TECHNICAL AMENDMENTS.—Section 308 of the  
2 Financial Institutions Reform, Recovery, and Enforce-  
3 ment Act of 1989 (12 U.S.C. 1463 note) is amended—

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

6 (2) in the paragraph heading for paragraph (1),  
7 by striking “FINANCIAL” and inserting “DEPOSI-  
8 TORY”.

9 **SEC. 8. MINORITY BANK DEPOSIT PROGRAM.**

10 (a) IN GENERAL.—Section 1204 of the Financial In-  
11 stitutions Reform, Recovery, and Enforcement Act of  
12 1989 (12 U.S.C. 1811 note) is amended to read as follows:

13 **“SEC. 1204. EXPANSION OF USE OF MINORITY DEPOSITORY**  
14 **INSTITUTIONS.**

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

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

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

22 **“(A)** on application by a depository institu-  
23 tion or credit union, certify whether such depos-  
24 itory institution or credit union is a minority  
25 depository institution;

1           “(B) maintain and publish a list of all de-  
2           pository institutions and credit unions that have  
3           been certified pursuant to subparagraph (A);  
4           and

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

7                   “(i) all Federal departments and  
8                   agencies;

9                   “(ii) interested State and local govern-  
10                  ments; and

11                  “(iii) interested private sector compa-  
12                  nies.

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

21           “(b) EXPANDED USE AMONG FEDERAL DEPART-  
22           MENTS AND AGENCIES.—

23                   “(1) IN GENERAL.—Not later than 1 year after  
24           the establishment of the program described in sub-  
25           section (a), the head of each Federal department or



1 agency shall develop and implement standards and  
2 procedures to prioritize, to the maximum extent possible  
3 as permitted by law and consistent with principles  
4 of sound financial management, the use of minority  
5 depository institutions to hold the deposits of  
6 each such department or agency.

7 “(2) REPORT TO CONGRESS.—Not later than 2  
8 years after the establishment of the program described  
9 in subsection (a), and annually thereafter, the head  
10 of each Federal department or agency shall submit to  
11 Congress a report on the actions taken to increase  
12 the use of minority depository institutions to hold  
13 the deposits of each such department or agency.  
14

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

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

20 “(2) DEPOSITORY INSTITUTION.—The term ‘depository  
21 institution’ has the meaning given in section  
22 3 of the Federal Deposit Insurance Act (12 U.S.C.  
23 1813).

24 “(3) MINORITY DEPOSITORY INSTITUTION.—  
25 The term ‘minority depository institution’ has the

1 meaning given that term under section 308 of this  
2 Act.”.

3 (b) CONFORMING AMENDMENTS.—The following pro-  
4 visions are amended by striking “1204(c)(3)” and insert-  
5 ing “1204(c)”:

6 (1) Section 808(b)(3) of the Community Rein-  
7 vestment Act of 1977 (12 U.S.C. 2907(b)(3)).

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

10 (3) Section 704B(h)(4) of the Equal Credit Op-  
11 portunity Act (15 U.S.C. 1691c–2(h)(4)).

12 **SEC. 9. DIVERSITY REPORT AND BEST PRACTICES.**

13 (a) ANNUAL REPORT.—Each covered regulator shall  
14 submit to Congress an annual report on diversity includ-  
15 ing the following:

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

20 (2) The status of any examiners of covered reg-  
21 ulators, based on voluntary self-identification, as a  
22 veteran.

23 (3) Whether any covered regulator, as of the  
24 date on which the report required under this section  
25 is submitted, has adopted a policy, plan, or strategy

1 to promote racial, ethnic, and gender diversity  
2 among examiners of the covered regulator.

3 (4) Whether any special training is developed  
4 and provided for examiners related specifically to  
5 working with depository institutions and credit  
6 unions that serve communities that are predomi-  
7 nantly minorities, low income, or rural, and the key  
8 focus of such training.

9 (b) BEST PRACTICES.—Each Office of Minority and  
10 Women Inclusion of a covered regulator shall develop, pro-  
11 vide to the head of the covered regulator, and make pub-  
12 licly available best practices—

13 (1) for increasing the diversity of candidates  
14 applying for examiner positions, including through  
15 outreach efforts to recruit diverse candidate to apply  
16 for entry-level examiner positions; and

17 (2) for retaining and providing fair consider-  
18 ation for promotions within the examiner staff for  
19 purposes of achieving diversity among examiners.

20 (c) COVERED REGULATOR DEFINED.—In this sec-  
21 tion, the term “covered regulator” means the Comptroller  
22 of the Currency, the Board of Governors of the Federal  
23 Reserve System, the Federal Deposit Insurance Corpora-  
24 tion, and the National Credit Union Administration.

1 **SEC. 10. INVESTMENTS IN MINORITY DEPOSITORY INSTITU-**  
2 **TIONS AND IMPACT BANKS.**

3 (a) CONTROL FOR CERTAIN INSTITUTIONS.—Section  
4 7(j)(8)(B) of the Federal Deposit Insurance Act (12  
5 U.S.C. 1817(j)(8)(B)) is amended to read as follows:

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

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

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

14 “(II) with respect to an insured depository  
15 institution that is an impact bank (as des-  
16 ignated pursuant to section 5 of the Ensuring  
17 Diversity in Community Banking Act) or a mi-  
18 nority depository institution (as defined in sec-  
19 tion 308(b) of the Financial Institutions Re-  
20 form, Recovery, and Enforcement Act of 1989),  
21 of an individual to vote 30 percent or more of  
22 any class of voting securities of such an impact  
23 bank or a minority depository institution.”.

24 (b) RULEMAKING.—The Federal banking agencies  
25 (as defined in section 3 of the Federal Deposit Insurance  
26 Act (12 U.S.C. 1813)) shall jointly issue rules for de novo

1 minority depository institutions and de novo impact banks  
2 (as designated pursuant to section 5) to allow 3 years to  
3 meet the capital requirements otherwise applicable to mi-  
4 nority depository institutions and impact banks.

5 (c) REPORT.—Not later than 1 year after the date  
6 of the enactment of this Act, the Federal banking agencies  
7 shall jointly submit to Congress a report on—

8 (1) the principal causes for the low number of  
9 de novo minority depository institutions during the  
10 10-year period preceding the date of the report;

11 (2) the main challenges to the creation of de  
12 novo minority depository institutions and de novo  
13 impact banks; and

14 (3) regulatory and legislative considerations to  
15 promote the establishment of de novo minority de-  
16 pository institutions and de novo impact banks.

17 **SEC. 11. REPORT ON COVERED MENTOR-PROTEGE PRO-**  
18 **GRAMS.**

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

24 (1) an analysis of outcomes of such program;

1           (2) the number of minority depository institu-  
2           tions that are eligible to participate in such program  
3           but do not have large financial institution mentors;  
4           and

5           (3) recommendations for how to match such mi-  
6           nority depository institutions with large financial in-  
7           stitution mentors.

8           (b) DEFINITIONS.—In this section:

9           (1) COVERED MENTOR-PROTEGE PROGRAM.—  
10          The term “covered mentor-protege program” means  
11          a mentor-protege program established by the Sec-  
12          retary of the Treasury pursuant to section 45 of the  
13          Small Business Act (15 U.S.C. 657r).

14          (2) LARGE FINANCIAL INSTITUTION.—The term  
15          “large financial institution” means any entity—

16                 (A) regulated by the Comptroller of the  
17                 Currency, the Board of Governors of the Fed-  
18                 eral Reserve System, the Federal Deposit In-  
19                 surance Corporation, or the National Credit  
20                 Union Administration; and

21                 (B) that has total consolidated assets  
22                 greater than or equal to \$50,000,000,000.

1 **SEC. 12. CUSTODIAL DEPOSIT PROGRAM FOR COVERED MI-**  
2 **NORITY DEPOSITORY INSTITUTIONS AND IM-**  
3 **PACT BANKS.**

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

9 (b) REQUIREMENTS.—In issuing rules under sub-  
10 section (a), the Secretary of the Treasury shall—

11 (1) consult with the Federal banking agencies;

12 (2) ensure each covered bank participating in  
13 the program established under this section—

14 (A) has appropriate policies relating to  
15 management of assets, including measures to  
16 ensure the safety and soundness of each such  
17 covered bank; and

18 (B) is compliant with applicable law; and

19 (3) ensure, to the extent practicable that the  
20 rules do not conflict with goals described in section  
21 308(a) of the Financial Institutions Reform, Recov-  
22 ery, and Enforcement Act of 1989 (12 U.S.C. 1463  
23 note).

24 (c) LIMITATIONS.—

25 (1) DEPOSITS.—With respect to the funds of an  
26 individual qualifying account, an entity may not de-

1       posit an amount greater than the insured amount in  
2       a single covered bank.

3           (2) TOTAL DEPOSITS.—The total amount of  
4       funds deposited in a covered bank under the custo-  
5       dial deposit program described under this section  
6       may not exceed the lesser of—

7           (A) 10 percent of the average amount of  
8       deposits held by such covered bank in the pre-  
9       vious quarter; or

10          (B) \$100,000,000 (as adjusted for infla-  
11       tion).

12       (d) REPORT.—Each quarter, the Secretary of the  
13       Treasury shall submit to Congress a report on the imple-  
14       mentation of the program established under this section  
15       including information identifying participating covered  
16       banks and the total amount of deposits received by covered  
17       banks under the program.

18       (e) DEFINITIONS.—In this section:

19           (1) COVERED BANK.—The term “covered bank”  
20       means—

21           (A) a minority depository institution that  
22       is well capitalized, as defined by the appropriate  
23       Federal banking agency; or

24           (B) a depository institution designated  
25       pursuant to section 5 of the Ensuring Diversity



1 in Community Banking Act that is well capital-  
2 ized, as defined by the appropriate Federal  
3 banking agency.

4 (2) INSURED AMOUNT.—The term “insured  
5 amount” means the amount that is the greater of—

6 (A) the standard maximum deposit insur-  
7 ance amount (as defined in section 11(a)(1)(E)  
8 of the Federal Deposit Insurance Act (12  
9 U.S.C. 1821(a)(1)(E))); or

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

15 (3) FEDERAL BANKING AGENCIES.—The terms  
16 “appropriate Federal banking agency” and “Federal  
17 banking agencies” have the meaning given those  
18 terms, respectively, under section 3 of the Federal  
19 Deposit Insurance Act.

20 (4) QUALIFYING ACCOUNT.—The term “quali-  
21 fying account” means any account established in the  
22 Department of the Treasury that—

23 (A) is controlled by the Secretary; and

1 (B) is expected to maintain a balance  
2 greater than \$200,000,000 for the following 24-  
3 month period.

4 **SEC. 13. STREAMLINED COMMUNITY DEVELOPMENT FI-**  
5 **NANCIAL INSTITUTION APPLICATIONS AND**  
6 **REPORTING.**

7 (a) APPLICATION PROCESSES.—Not later than 12  
8 months after the date of the enactment of this Act and  
9 with respect to any person having assets under  
10 \$3,000,000,000 that submits an application for deposit in-  
11 surance with the Federal Deposit Insurance Corporation  
12 that could also become a community development financial  
13 institution, the Federal Deposit Insurance Corporation, in  
14 consultation with the Administrator of the Community  
15 Development Financial Institutions Fund, shall—

16 (1) develop systems and procedures to record  
17 necessary information to allow the Administrator to  
18 conduct preliminary analysis for such person to also  
19 become a community development financial institu-  
20 tion; and

21 (2) develop procedures to streamline the appli-  
22 cation and annual certification processes and to re-  
23 duce costs for such person to become, and maintain  
24 certification as, a community development financial  
25 institution.

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

6 (c) ANNUAL REPORT.—

7 (1) IN GENERAL.—Section 17(a)(1) of the Fed-  
8 eral Deposit Insurance Act (12 U.S.C. 1827(a)(1))  
9 is amended—

10 (A) in subparagraph (E), by striking  
11 “and” at the end;

12 (B) by redesignating subparagraph (F) as  
13 subparagraph (G);

14 (C) by inserting after subparagraph (E)  
15 the following new subparagraph:

16 “(F) applicants for deposit insurance that  
17 could also become a community development fi-  
18 nancial institution (as defined in section 103 of  
19 the Riegle Community Development and Regu-  
20 latory Improvement Act of 1994), a minority  
21 depository institution (as defined in section 308  
22 of the Financial Institutions Reform, Recovery,  
23 and Enforcement Act of 1989), or an impact  
24 bank (as designated pursuant to section 5 of

1           the Ensuring Diversity in Community Banking  
2           Act); and”.

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

7   **SEC. 14. TASK FORCE ON LENDING TO SMALL BUSINESS**  
8           **CONCERNS.**

9           (a) IN GENERAL.—Not later than 6 months after the  
10          date of the enactment of this Act, the Administrator of  
11          the Small Business Administration shall establish a task  
12          force to examine methods for improving relationships be-  
13          tween the Small Business Administration and community  
14          development financial institutions, minority depository in-  
15          stitutions, and Impact Banks to increase the volume of  
16          loans provided by such institutions to small business con-  
17          cerns (as defined under section 3 of the Small Business  
18          Act (15 U.S.C. 632)).

19          (b) REPORT TO CONGRESS.—Not later than 18  
20          months after the establishment of the task force described  
21          in subsection (a), the Administrator of the Small Business  
22          Administration shall submit to Congress a report on the  
23          findings of such task force.

1 **SEC. 15. DISCRETIONARY SURPLUS FUNDS.**

2 (a) IN GENERAL.—Subparagraph (A) of section  
3 7(a)(3) of the Federal Reserve Act (12 U.S.C.  
4 289(a)(3)(A)) is amended by reducing the dollar figure de-  
5 scribed in such subparagraph by \$1,400,000,000.

6 (b) EFFECTIVE DATE.—The amendment made by  
7 subsection (a) shall take effect on September 30, 2031.

8 **SEC. 16. DETERMINATION OF BUDGETARY EFFECTS.**

9 The budgetary effects of this Act, for the purpose of  
10 complying with the Statutory Pay-As-You-Go Act of 2010,  
11 shall be determined by reference to the latest statement  
12 titled “Budgetary Effects of PAYGO Legislation” for this  
13 Act, submitted for printing in the Congressional Record  
14 by the Chairman of the House Budget Committee, pro-  
15 vided that such statement has been submitted prior to the  
16 vote on passage.