

[DISCUSSION DRAFT]

117TH CONGRESS
2^D SESSION

H. R. _____

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.

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 “Promoting and Advancing Communities of Color through
6 Inclusive Lending Act”.

1 (b) TABLE OF CONTENTS.—The table of contents for
2 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 INSTITU-**
4 **TIONS.**

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

7 (1) IN GENERAL.—Section 108 of the Riegle
8 Community Development and Regulatory Improve-
9 ment Act of 1994 (12 U.S.C. 4707) is amended by
10 adding at the end the following:

11 “(i) MINORITY LENDING INSTITUTION SET-ASIDE IN
12 PROVIDING ASSISTANCE.—Notwithstanding any other
13 provision of law, in providing any assistance to community
14 development financial institutions, the Fund shall reserve
15 40 percent of such assistance for minority lending institu-
16 tions.”.

17 (2) DEFINITIONS.—Section 103 of the Riegle
18 Community Development and Regulatory Improve-

1 ment Act of 1994 (12 U.S.C. 4702) is amended by
2 adding at the end the following:

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

7 (b) OFFICE OF MINORITY LENDING INSTITU-
8 TIONS.—Section 104 of the Riegle Community Develop-
9 ment and Regulatory Improvement Act of 1994 (12
10 U.S.C. 4703) is amended by adding at the end the fol-
11 lowing:

12 “(1) OFFICE OF MINORITY LENDING INSTITU-
13 TIONS.—

14 “(1) ESTABLISHMENT.—There is established
15 within the Fund an Office of Minority Lending In-
16 stitutions, which shall oversee assistance provided by
17 the Fund to minority lending institutions.

18 “(2) DEPUTY DIRECTOR.—The head of the Of-
19 fice shall be the Deputy Director of Minority Lend-
20 ing Institutions, who shall report directly to the Ad-
21 ministrator of the Fund.”.

22 (c) REPORTING ON MINORITY LENDING INSTITU-
23 TIONS.—Section 117 of the Riegle Community Develop-
24 ment and Regulatory Improvement Act of 1994 (12

1 U.S.C. 4716) is amended by adding at the end the fol-
2 lowing:

3 “(g) REPORTING ON MINORITY LENDING INSTITU-
4 TIONS.—Each report required under subsection (a) shall
5 include a description of the extent to which assistance
6 from the Fund are provided to minority lending institu-
7 tions.”.

8 (d) SUBMISSION OF DATA RELATING TO DIVERSITY
9 BY COMMUNITY DEVELOPMENT FINANCIAL INSTITU-
10 TIONS.—Section 104 of the Riegle Community Develop-
11 ment and Regulatory Improvement Act of 1994 (12
12 U.S.C. 4703), as amended by subsection (b), is further
13 amended by adding at the end the following:

14 “(m) SUBMISSION OF DATA RELATING TO DIVER-
15 SITY.—

16 “(1) DEFINITIONS.—In this subsection—

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

22 “(B) the term ‘veteran’ has the meaning
23 given the term in section 101 of title 38, United
24 States Code.

1 “(2) SUBMISSION OF DISCLOSURE.—Each Fund
2 applicant and recipient shall provide the following:

3 “(A) Data, based on voluntary self-identi-
4 fication, on the racial, ethnic, and gender com-
5 position of—

6 “(i) the board of directors of the insti-
7 tution;

8 “(ii) nominees for the board of direc-
9 tors of the institution; and

10 “(iii) the executive officers of the in-
11 stitution.

12 “(B) The status of any member of the
13 board of directors of the institution, any nomi-
14 nee for the board of directors of the institution,
15 or any executive officer of the institution, based
16 on voluntary self-identification, as a veteran.

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

23 “(i) the board of directors of the insti-
24 tution;

1 “(ii) nominees for the board of direc-
2 tors of the institution; or

3 “(iii) the executive officers of the in-
4 stitution.

5 “(3) ANNUAL REPORT.—Not later than 18
6 months after the date of enactment of this sub-
7 section, and annually thereafter, the Fund shall sub-
8 mit to the Committee on Banking, Housing, and
9 Urban Affairs of the Senate and the Committee on
10 Financial Services of the House of Representatives,
11 and make publicly available on the website of the
12 Fund, a report—

13 “(A) on the data and trends of the diver-
14 sity information made available pursuant to
15 paragraph (2); and

16 “(B) containing all administrative or legis-
17 lative recommendations of the Fund to enhance
18 the implementation of this title or to promote
19 diversity and inclusion within community devel-
20 opment financial institutions.”.

21 **SEC. 3. CAPITAL INVESTMENTS, GRANTS, AND TECH-**
22 **NOLOGY SUPPORT FOR MDIS AND CDFIS.**

23 (a) AUTHORIZATION OF APPROPRIATION.—There is
24 authorized to be appropriated to the Emergency Capital
25 Investment Fund \$4,000,000,000.

1 (b) CONFORMING AMENDMENTS TO ALLOW FOR AD-
2 DITIONAL PURCHASES OF CAPITAL.—Section 104A of the
3 Riegle Community Development and Regulatory Improve-
4 ment Act of 1994 (12 U.S.C. 4703a) is amended—

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

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

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

13 “(p) USE OF FUNDS FOR CDFI FINANCIAL AND
14 TECHNICAL ASSISTANCE.—The Secretary may transfer
15 amounts in the Emergency Capital Investment Fund to
16 the Fund for the purpose of providing financial and tech-
17 nical assistance grants to community development finan-
18 cial institutions certified by the Secretary.”.

19 (d) TECHNOLOGY GRANTS FOR MDIS AND CDFIS.—
20 Section 104A of the Riegle Community Development and
21 Regulatory Improvement Act of 1994 (12 U.S.C. 4703a),
22 as amended by subsection (c), is further amended by add-
23 ing at the end the following:

24 “(q) TECHNOLOGY GRANTS FOR MDIS AND
25 CDFIS.—

1 “(1) STUDY AND REPORT ON CERTAIN TECH-
2 NOLOGY CHALLENGES.—

3 “(A) STUDY.—The Secretary shall carry
4 out a study on the technology challenges im-
5 pacting minority depository institutions and
6 community development financial institutions
7 with respect to—

8 “(i) internal technology capabilities
9 and capacity of the institutions to process
10 loan applications and otherwise serve cur-
11 rent and potential customers through the
12 internet, mobile phone applications, and
13 other tools;

14 “(ii) technology capabilities and ca-
15 pacity of the institutions, provided in part-
16 nership with third party companies, to
17 process loan applications and otherwise
18 serve current and potential customers
19 through the internet, mobile phone applica-
20 tions, and other tools; and

21 “(iii) cybersecurity.

22 “(B) REPORT.—Not later than 1 year
23 after the date of the enactment of this sub-
24 section, the Secretary shall submit a report to
25 the Committee on Financial Services of the

1 House of Representatives and the Committee
2 on Banking, Housing, and Urban Affairs of the
3 Senate that includes the results of the study re-
4 quired under subparagraph (A).

5 “(2) GRANT PROGRAM.—

6 “(A) PROGRAM AUTHORIZED.—The Sec-
7 retary shall carry out a grant program to make
8 grants to minority depository institutions and
9 community development financial institutions to
10 address technology challenges impacting such
11 institutions.

12 “(B) APPLICATION.—To be eligible to be
13 awarded a grant under this paragraph, a mi-
14 nority depository institution or community de-
15 velopment financial institution shall submit an
16 application to the Secretary at such time, in
17 such manner, and containing such information
18 as the Secretary may require.

19 “(C) USE OF FUNDS.—A minority depository
20 institution or community development fi-
21 nancial institution that is awarded a grant
22 under this paragraph shall use the grant funds
23 to—

24 “(i) enhance or adopt technologies
25 that—

1 “(I) shorten loan approval proc-
2 esses;

3 “(II) improve customer experi-
4 ence; and

5 “(III) provide additional services
6 to customers; and

7 “(ii) carry out such other activities as
8 the Secretary determines appropriate.

9 “(3) FUNDING.—The Secretary may use
10 amounts in the Emergency Capital Investment Fund
11 to make grants under paragraph (2), but not to ex-
12 ceed \$1,000,000,000 in the aggregate.”.

13 **SEC. 4. SUPPORTING YOUNG ENTREPRENEURS PROGRAM.**

14 Section 108 of the Riegle Community Development
15 and Regulatory Improvement Act of 1994 (12 U.S.C.
16 4707), as amended by section 2(a)(1), is further amended
17 by adding at the end the following:

18 “(j) SUPPORTING YOUNG ENTREPRENEURS PRO-
19 GRAM.—

20 “(1) IN GENERAL.—The Fund shall establish a
21 Supporting Young Entrepreneurs Program under
22 which the Fund may provide financial awards to the
23 community development financial institutions that
24 the Fund determines have the best programs to help

1 young entrepreneurs get the start up capital needed
2 to start a small business.

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

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

8 “(A) amounts in the Emergency Capital
9 Investment Fund, but not to exceed
10 \$100,000,000 in the aggregate; and

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

15 **SEC. 5. MAP OF MINORITY DEPOSITORY INSTITUTIONS AND**
16 **COMMUNITY DEVELOPMENT FINANCIAL IN-**
17 **STITUTIONS.**

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

1 ity depository institution and community development fi-
2 nancial institution.

3 (b) DEFINITIONS.—In this section:

4 (1) CDFI FUND.—The term “CDFI Fund”
5 means the Community Development Financial Insti-
6 tutions Fund established under section 104(a) of the
7 Riegle Community Development and Regulatory Im-
8 provement Act of 1994.

9 (2) COMMUNITY DEVELOPMENT FINANCIAL IN-
10 STITUTION.—The term “community development fi-
11 nancial institution” has the meaning given in section
12 103 of the Riegle Community Development and Reg-
13 ulatory Improvement Act of 1994.

14 (3) FEDERAL BANKING AGENCY.—The term
15 “Federal banking agency”—

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

18 (B) means the National Credit Union Ad-
19 ministration.

20 (4) MINORITY DEPOSITORY INSTITUTION.—The
21 term “minority depository institution” has the
22 meaning given in section 308(b) of the Financial In-
23 stitutions Reform, Recovery, and Enforcement Act
24 of 1989.

1 **SEC. 6. REPORT ON CERTIFIED COMMUNITY DEVELOP-**
2 **MENT FINANCIAL INSTITUTIONS.**

3 Section 117(a) of the Riegle Community Develop-
4 ment and Regulatory Improvement Act of 1994 (12
5 U.S.C. 4716(a)) is amended—

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

8 “(1) IN GENERAL.—The Fund”;

9 (2) by striking “and the Congress” and insert-
10 ing “, the Congress, and the public”; and

11 (3) by adding at the end the following:

12 “(2) REPORT ON CERTIFIED COMMUNITY DE-
13 VELOPMENT FINANCIAL INSTITUTIONS.—The annual
14 report required under paragraph (1) shall include a
15 report on community development financial institu-
16 tions (‘CDFIs’) that have been certified by the Sec-
17 retary of the Treasury, including a summary with
18 aggregate data and analysis, to the fullest extent
19 practicable, regarding—

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

23 “(B) the geographic location and capacity
24 of different types of certified CDFIs;

1 “(C) the primary lines of business for dif-
2 ferent types of certified CDFIs, as well as any
3 secondary lines of business;

4 “(D) human resources and staffing infor-
5 mation for different types of certified CDFIs,
6 including—

7 “(E) the types of development services pro-
8 vided by different types of certified CDFIs;

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

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

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

19 “(iii) the number and amount of de-
20 velopment services offered in those target
21 markets; and

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

24 “(i) the annual median income of
25 communities served; and

1 “(ii) with respect to other targeted
2 populations, a break down by business line
3 and financial products provided, with such
4 information disaggregated by race and eth-
5 nicity, to the fullest extent practicable.

6 “(3) OTHER TARGETED POPULATIONS DE-
7 FINED.—In this subsection, with respect to a cer-
8 tified CDFI, the term ‘other targeted populations’
9 means individuals, or an identifiable group of indi-
10 viduals, who—

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

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

16 **SEC. 7. CONSULTATION REQUIREMENT FOR SELECTION OF**
17 **COMMUNITY DEVELOPMENT FINANCIAL IN-**
18 **STITUTION APPLICANTS.**

19 (a) IN GENERAL.—Section 107 of the Riegle Commu-
20 nity Development and Regulatory Improvement Act of
21 1994 (12 U.S.C. 4706) is amended by adding at the end
22 the following:

23 “(c) CONSULTATION REQUIRED.—

1 “(1) IN GENERAL.—Before selecting an appli-
2 cant under this section, the Fund shall consult with
3 the applicable Federal regulator for the applicant.

4 “(2) APPLICABLE FEDERAL REGULATOR DE-
5 FINED.—In this subsection, the term ‘applicable
6 Federal regulator’ means—

7 “(A) with respect to an applicant that is
8 regulated by both an appropriate Federal bank-
9 ing agency and the Bureau of Consumer Finan-
10 cial Protection, the Bureau of Consumer Finan-
11 cial Protection;

12 “(B) with respect to an applicant that is
13 not regulated by the Bureau of Consumer Fi-
14 nancial Protection, the appropriate Federal
15 banking agency for such applicant; or

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

18 “(i) that is not regulated by an appro-
19 priate Federal banking agency; and

20 “(ii) that offers or provides consumer
21 financial products or services (as defined in
22 section 1002 of the Consumer Financial
23 Protection Act of 2010 (12 U.S.C.
24 5481).”.

1 (b) CDFI AND COMMUNITY PARTNER CO-
2 APPLICANTS.—Section 106 of the Riegle Community De-
3 velopment and Regulatory Improvement Act of 1994 (12
4 U.S.C. 4705) is amended—

5 (1) by redesignating subsections (d) and (e) as
6 subsections (e) and (f), respectively; and

7 (2) by inserting after subsection (c) the fol-
8 lowing:

9 “(d) CONSULTATION REQUIRED.—Before selecting
10 an application under subsection (c), the Fund shall consult
11 with each applicable Federal regulator (as defined in sec-
12 tion 107(c)(2)) for the coapplicants of such application.”.

13 **SEC. 8. ACCESS TO THE DISCOUNT WINDOW OF THE FED-**
14 **ERAL RESERVE SYSTEM FOR MDIS AND**
15 **CDFIS.**

16 The Board of Governors of the Federal Reserve Sys-
17 tem shall establish a process under which minority deposi-
18 tory institutions and community development financial in-
19 stitutions may have access to the discount window, at the
20 seasonal credit interest rate most recently published on
21 the Federal Reserve Statistical Release on selected inter-
22 est rates (daily or weekly).

23 **SEC. 9. STUDY ON SECURITIZATION BY CDFIS.**

24 (a) IN GENERAL.—The Secretary of the Treasury, in
25 consultation with the Community Development Financial

1 Institutions Fund and such other Federal agencies as the
2 Secretary determines appropriate, shall carry out a study
3 on—

4 (1) the use of securitization by CDFIs;

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

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

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

16 (1) all findings and determinations made in car-
17 rying out the study required under subsection (a);
18 and

19 (2) any legislative or administrative rec-
20 ommendations of the Secretary that would promote
21 the responsible use of securitization to help CDFIs
22 in reaching more underserved communities.

23 (c) CDFI DEFINED.—The term “CDFI” has the
24 meaning given the term “community development finan-
25 cial institution” under section 103 of the Riegle Commu-

1 nity Development and Regulatory Improvement Act of
2 1994.

3 **SEC. 10. ENSURING DIVERSITY IN COMMUNITY BANKING.**

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

7 (1) The Community Development Financial In-
8 stitutions Fund (the “CDFI Fund”) is an agency of
9 the Department of the Treasury, and was estab-
10 lished by the Riegle Community Development and
11 Regulatory Improvement Act of 1994. The mission
12 of the CDFI Fund is “to expand economic oppor-
13 tunity for underserved people and communities by
14 supporting the growth and capacity of a national
15 network of community development lenders, inves-
16 tors, and financial service providers”. A community
17 development financial institution (a “CDFI”) is a
18 specialized financial institution serving low-income
19 communities and a Community Development Entity
20 (a “CDE”) is a domestic corporation or partnership
21 that is an intermediary vehicle for the provision of
22 loans, investments, or financial counseling in low-in-
23 come communities. The CDFI Fund certifies CDFIs
24 and CDEs. Becoming a certified CDFI or CDE al-

1 lows organizations to participate in various CDFI
2 Fund programs as follows:

3 (A) The Bank Enterprise Award Program,
4 which provides FDIC-insured depository institu-
5 tions awards for a demonstrated increase in
6 lending and investments in distressed commu-
7 nities and CDFIs.

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

13 (C) The Native American CDFI Assistance
14 Program, which provides CDFIs and spon-
15 soring entities Financial and Technical Assist-
16 ance awards to increase lending and grow the
17 number of CDFIs owned by Native Americans
18 to help build capacity of such CDFIs.

19 (D) The New Market Tax Credit Program,
20 which provides tax credits for making equity in-
21 vestments in CDEs that stimulate capital in-
22 vestments in low-income communities.

23 (E) The Capital Magnet Fund, which pro-
24 vides awards to CDFIs and nonprofit affordable
25 housing organizations to finance affordable

1 housing solutions and related economic develop-
2 ment activities.

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

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

13 (3) Under this authority, grants to participants
14 in CDFI Fund programs may be used for loan-loss
15 reserves and to establish small-dollar loan programs
16 by subsidizing related losses. These grants also allow
17 for the providing recipients with the financial coun-
18 seling and education necessary to conduct trans-
19 actions and manage their accounts. These loans pro-
20 vide low-cost alternatives to payday loans and other
21 nontraditional forms of financing that often impose
22 excessive interest rates and fees on borrowers, and
23 lead millions of Americans to fall into debt traps.
24 Small-dollar loans can only be made pursuant to

1 terms, conditions, and practices that are reasonable
2 for the individual consumer obtaining the loan.

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

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

17 (b) DEFINITIONS.—In this section:

18 (1) COMMUNITY DEVELOPMENT FINANCIAL IN-
19 STITUTION.—The term “community development fi-
20 nancial institution” has the meaning given under
21 section 103 of the Riegle Community Development
22 and Regulatory Improvement Act of 1994 (12
23 U.S.C. 4702).

24 (2) MINORITY DEPOSITORY INSTITUTION.—The
25 term “minority depository institution” has the

1 meaning given under section 308 of the Financial
2 Institutions Reform, Recovery, and Enforcement Act
3 of 1989 (12 U.S.C. 1463 note).

4 (c) ESTABLISHMENT OF IMPACT BANK DESIGNA-
5 TION.—

6 (1) IN GENERAL.—Each Federal banking agen-
7 cy shall establish a program under which a deposi-
8 tory institution with total consolidated assets of less
9 than \$10,000,000,000 may elect to be designated as
10 an impact bank if the total dollar value of the loans
11 extended by such depository institution to low-in-
12 come borrowers is greater than or equal to 50 per-
13 cent of the assets of such bank.

14 (2) NOTIFICATION OF ELIGIBILITY.—Based on
15 data obtained through examinations of depository in-
16 stitutions, the appropriate Federal banking agency
17 shall notify a depository institution if the institution
18 is eligible to be designated as an impact bank.

19 (3) APPLICATION.—Regardless of whether or
20 not it has received a notice of eligibility under para-
21 graph (2), a depository institution may submit an
22 application to the appropriate Federal banking agen-
23 cy—

24 (A) requesting to be designated as an im-
25 pact bank; and

1 (B) demonstrating that the depository in-
2 stitution meets the applicable qualifications.

3 (4) LIMITATION ON ADDITIONAL DATA RE-
4 QUIREMENTS.—The Federal banking agencies may
5 only impose additional data collection requirements
6 on a depository institution under this subsection if
7 such data is—

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

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

15 (5) REMOVAL OF DESIGNATION.—If the appro-
16 priate Federal banking agency determines that a de-
17 pository institution designated as an impact bank no
18 longer meets the criteria for such designation, the
19 appropriate Federal banking agency shall rescind
20 the designation and notify the depository institution
21 of such rescission.

22 (6) RECONSIDERATION OF DESIGNATION; AP-
23 PEALS.—Under such procedures as the Federal
24 banking agencies may establish, a depository institu-
25 tion may—

1 (A) submit to the appropriate Federal
2 banking agency a request to reconsider a deter-
3 mination that such depository institution no
4 longer meets the criteria for the designation; or

5 (B) file an appeal of such determination.

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

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

15 (9) FEDERAL DEPOSIT INSURANCE ACT DEFINI-
16 TIONS.—In this subsection, the terms “depository
17 institution”, “appropriate Federal banking agency”,
18 and “Federal banking agency” have the meanings
19 given such terms, respectively, in section 3 of the
20 Federal Deposit Insurance Act (12 U.S.C. 1813).

21 (d) MINORITY DEPOSITORIES ADVISORY COMMIT-
22 TEES.—

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

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

19 (3) MEMBERSHIP.—

20 (A) IN GENERAL.—Each Minority Deposi-
21 tories Advisory Committee shall consist of no
22 more than 10 members, who—

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

24 (ii) shall serve as a representative of
25 a depository institution or an insured cred-

1 it union with respect to which the respec-
2 tive covered regulator is the covered regu-
3 lator of such depository institution or in-
4 sured credit union; and

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

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

15 (4) MEETINGS.—

16 (A) IN GENERAL.—Each Minority Deposi-
17 tories Advisory Committee shall meet not less
18 frequently than twice each year.

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

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

1 vance of each meeting of the Minority De-
2 positories Advisory Committee; and

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

6 (I) one member of the majority
7 party and one member of the minority
8 party of the Committee on Financial
9 Services of the House of Representa-
10 tives and the Committee on Banking,
11 Housing, and Urban Affairs of the
12 Senate; and

13 (II) one member of the majority
14 party and one member of the minority
15 party of any relevant subcommittees
16 of such committees.

17 (5) NO TERMINATION OF ADVISORY COMMIT-
18 TEES.—The termination requirements under section
19 14 of the Federal Advisory Committee Act (5 U.S.C.
20 app.) shall not apply to a Minority Depositories Ad-
21 visory Committee established pursuant to this sub-
22 section.

23 (6) DEFINITIONS.—In this subsection:

24 (A) COVERED REGULATOR.—The term
25 “covered regulator” means the Comptroller of

1 the Currency, the Board of Governors of the
2 Federal Reserve System, the Federal Deposit
3 Insurance Corporation, and the National Credit
4 Union Administration.

5 (B) COVERED MINORITY INSTITUTION.—
6 The term “covered minority institution” means
7 a minority depository institution (as defined in
8 section 308(b) of the Financial Institutions Re-
9 form, Recovery, and Enforcement Act of 1989
10 (12 U.S.C. 1463 note)).

11 (C) DEPOSITORY INSTITUTION.—The term
12 “depository institution” has the meaning given
13 under section 3 of the Federal Deposit Insur-
14 ance Act (12 U.S.C. 1813).

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

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

24 “(3) DEPOSITORY INSTITUTION.—The term ‘de-
25 pository institution’ means an ‘insured depository in-

1 stitution’ (as defined in section 3 of the Federal De-
2 posit Insurance Act (12 U.S.C. 1813)) and an in-
3 sured credit union (as defined in section 101 of the
4 Federal Credit Union Act (12 U.S.C. 1752)).”.

5 (e) FEDERAL DEPOSITS IN MINORITY DEPOSITORY
6 INSTITUTIONS.—

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

10 (A) by adding at the end the following new
11 subsection:

12 “(d) FEDERAL DEPOSITS.—The Secretary of the
13 Treasury shall ensure that deposits made by Federal agen-
14 cies in minority depository institutions and impact banks
15 are collateralized or insured, as determined by the Sec-
16 retary. Such deposits shall include reciprocal deposits as
17 defined in section 337.6(e)(2)(v) of title 12, Code of Fed-
18 eral Regulations (as in effect on March 6, 2019).”; and

19 (B) in subsection (b), as amended by sub-
20 section (d)(7), by adding at the end the fol-
21 lowing new paragraph:

22 “(4) IMPACT BANK.—The term ‘impact bank’
23 means a depository institution designated by the ap-
24 propriate Federal banking agency pursuant to sec-

1 tion 2(c) of the Promoting and Advancing Commu-
2 nities of Color through Inclusive Lending Act.”.

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

7 (A) in the matter preceding paragraph (1),
8 by striking “section—” and inserting “sec-
9 tion:”; and

10 (B) in the paragraph heading for para-
11 graph (1), by striking “FINANCIAL” and insert-
12 ing “DEPOSITORY”.

13 (f) MINORITY BANK DEPOSIT PROGRAM.—

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

18 **“SEC. 1204. EXPANSION OF USE OF MINORITY DEPOSITORY**

19 **INSTITUTIONS.**

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

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

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

3 “(A) on application by a depository institu-
4 tion or credit union, certify whether such depos-
5 itory institution or credit union is a minority
6 depository institution;

7 “(B) maintain and publish a list of all de-
8 pository institutions and credit unions that have
9 been certified pursuant to subparagraph (A);
10 and

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

13 “(i) all Federal departments and
14 agencies;

15 “(ii) interested State and local govern-
16 ments; and

17 “(iii) interested private sector compa-
18 nies.

19 “(3) INCLUSION OF CERTAIN ENTITIES ON
20 LIST.—A depository institution or credit union that,
21 on the date of the enactment of this section, has a
22 current certification from the Secretary of the
23 Treasury stating that such depository institution or
24 credit union is a minority depository institution shall

1 be included on the list described under paragraph
2 (2)(B).

3 “(b) EXPANDED USE AMONG FEDERAL DEPART-
4 MENTS AND AGENCIES.—

5 “(1) IN GENERAL.—Not later than 1 year after
6 the establishment of the program described in sub-
7 section (a), the head of each Federal department or
8 agency shall develop and implement standards and
9 procedures to prioritize, to the maximum extent pos-
10 sible as permitted by law and consistent with prin-
11 ciples of sound financial management, the use of mi-
12 nority depository institutions to hold the deposits of
13 each such department or agency.

14 “(2) REPORT TO CONGRESS.—Not later than 2
15 years after the establishment of the program de-
16 scribed in subsection (a), and annually thereafter,
17 the head of each Federal department or agency shall
18 submit to Congress a report on the actions taken to
19 increase the use of minority depository institutions
20 to hold the deposits of each such department or
21 agency.

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

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

1 union' in section 101 of the Federal Credit Union
2 Act (12 U.S.C. 1752).

3 “(2) DEPOSITORY INSTITUTION.—The term ‘de-
4 pository institution’ has the meaning given in section
5 3 of the Federal Deposit Insurance Act (12 U.S.C.
6 1813).

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

11 (2) CONFORMING AMENDMENTS.—The fol-
12 lowing provisions are amended by striking
13 “1204(c)(3)” and inserting “1204(c)”:

14 (A) Section 808(b)(3) of the Community
15 Reinvestment Act of 1977 (12 U.S.C.
16 2907(b)(3)).

17 (B) Section 40(g)(1)(B) of the Federal De-
18 posit Insurance Act (12 U.S.C.
19 1831q(g)(1)(B)).

20 (C) Section 704B(h)(4) of the Equal Cred-
21 it Opportunity Act (15 U.S.C. 1691e–2(h)(4)).

22 (g) DIVERSITY REPORT AND BEST PRACTICES.—

23 (1) ANNUAL REPORT.—Each covered regulator
24 shall submit to Congress an annual report on diver-
25 sity including the following:

1 (A) Data, based on voluntary self-identi-
2 fication, on the racial, ethnic, and gender com-
3 position of the examiners of each covered regu-
4 lator, disaggregated by length of time served as
5 an examiner.

6 (B) The status of any examiners of cov-
7 ered regulators, based on voluntary self-identi-
8 fication, as a veteran.

9 (C) Whether any covered regulator, as of
10 the date on which the report required under
11 this section is submitted, has adopted a policy,
12 plan, or strategy to promote racial, ethnic, and
13 gender diversity among examiners of the cov-
14 ered regulator.

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

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

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

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

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

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

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

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

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

1 “(ii)(I) to vote 25 per centum or more of
2 any class of voting securities of an insured de-
3 pository institution; or

4 “(II) with respect to an insured depository
5 institution that is an impact bank (as des-
6 ignated pursuant to section 2(c) of the Pro-
7 moting and Advancing Communities of Color
8 through Inclusive Lending Act) or a minority
9 depository institution (as defined in section
10 308(b) of the Financial Institutions Reform,
11 Recovery, and Enforcement Act of 1989), of an
12 individual to vote 30 percent or more of any
13 class of voting securities of such an impact
14 bank or a minority depository institution.”.

15 (2) RULEMAKING.—The Federal banking agen-
16 cies (as defined in section 3 of the Federal Deposit
17 Insurance Act (12 U.S.C. 1813)) shall jointly issue
18 rules for de novo minority depository institutions to
19 allow 3 years to meet the capital requirements other-
20 wise applicable to minority depository institutions.

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

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

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

7 (C) regulatory and legislative consider-
8 ations to promote the establishment of de novo
9 minority depository institutions.

10 (i) REPORT ON COVERED MENTOR-PROTEGE PRO-
11 GRAMS.—

12 (1) REPORT.—Not later than 6 months after
13 the date of the enactment of this Act and annually
14 thereafter, the Secretary of the Treasury shall sub-
15 mit to Congress a report on participants in a cov-
16 ered mentor-protege program, including—

17 (A) an analysis of outcomes of such pro-
18 gram;

19 (B) the number of minority depository in-
20 stitutions that are eligible to participate in such
21 program but do not have large financial institu-
22 tion mentors; and

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

1 (2) DEFINITIONS.—In this subsection:

2 (A) COVERED MENTOR-PROTEGE PRO-
3 GRAM.—The term “covered mentor-protege pro-
4 gram” means a mentor-protege program estab-
5 lished by the Secretary of the Treasury pursu-
6 ant to section 45 of the Small Business Act (15
7 U.S.C. 657r).

8 (B) LARGE FINANCIAL INSTITUTION.—The
9 term “large financial institution” means any
10 entity—

11 (i) regulated by the Comptroller of the
12 Currency, the Board of Governors of the
13 Federal Reserve System, the Federal De-
14 posit Insurance Corporation, or the Na-
15 tional Credit Union Administration; and

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

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

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

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

3 (A) consult with the Federal banking agen-
4 cies;

5 (B) ensure each covered bank participating
6 in the program established under this sub-
7 section—

8 (i) has appropriate policies relating to
9 management of assets, including measures
10 to ensure the safety and soundness of each
11 such covered bank; and

12 (ii) is compliant with applicable law;
13 and

14 (C) ensure, to the extent practicable that
15 the rules do not conflict with goals described in
16 section 308(a) of the Financial Institutions Re-
17 form, Recovery, and Enforcement Act of 1989
18 (12 U.S.C. 1463 note).

19 (3) LIMITATIONS.—

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

24 (B) TOTAL DEPOSITS.—The total amount
25 of funds deposited in a covered bank under the

1 custodial deposit program described under this
2 subsection may not exceed the lesser of—

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

6 (ii) \$100,000,000 (as adjusted for in-
7 flation).

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

15 (5) DEFINITIONS.—In this subsection:

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

18 (i) a minority depository institution
19 that is well capitalized, as defined by the
20 appropriate Federal banking agency; or

21 (ii) a depository institution designated
22 pursuant to subsection (c) that is well cap-
23 italized, as defined by the appropriate Fed-
24 eral banking agency.

1 (B) INSURED AMOUNT.—The term “in-
2 sured amount” means the amount that is the
3 greater of—

4 (i) the standard maximum deposit in-
5 surance amount (as defined in section
6 11(a)(1)(E) of the Federal Deposit Insur-
7 ance Act (12 U.S.C. 1821(a)(1)(E))); or

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

13 (C) FEDERAL BANKING AGENCIES.—The
14 terms “appropriate Federal banking agency”
15 and “Federal banking agencies” have the mean-
16 ing given those terms, respectively, under sec-
17 tion 3 of the Federal Deposit Insurance Act.

18 (D) QUALIFYING ACCOUNT.—The term
19 “qualifying account” means any account estab-
20 lished in the Department of the Treasury
21 that—

22 (i) is controlled by the Secretary; and

23 (ii) is expected to maintain a balance
24 greater than \$200,000,000 for the fol-
25 lowing 24-month period.

1 (k) STREAMLINED COMMUNITY DEVELOPMENT FI-
2 NANCIAL INSTITUTION APPLICATIONS AND REPORTING.—

3 (1) APPLICATION PROCESSES.—Not later than
4 12 months after the date of the enactment of this
5 Act and with respect to any person having assets
6 under \$3,000,000,000 that submits an application
7 for deposit insurance with the Federal Deposit In-
8 surance Corporation that could also become a com-
9 munity development financial institution, the Fed-
10 eral Deposit Insurance Corporation, in consultation
11 with the Administrator of the Community Develop-
12 ment Financial Institutions Fund, shall—

13 (A) develop systems and procedures to
14 record necessary information to allow the Ad-
15 ministrator to conduct preliminary analysis for
16 such person to also become a community devel-
17 opment financial institution; and

18 (B) develop procedures to streamline the
19 application and annual certification processes
20 and to reduce costs for such person to become,
21 and maintain certification as, a community de-
22 velopment financial institution.

23 (2) IMPLEMENTATION REPORT.—Not later than
24 18 months after the date of the enactment of this
25 Act, the Federal Deposit Insurance Corporation

1 shall submit to Congress a report describing the sys-
2 tems and procedures required under paragraph (1).

3 (3) ANNUAL REPORT.—

4 (A) IN GENERAL.—Section 17(a)(1) of the
5 Federal Deposit Insurance Act (12 U.S.C.
6 1827(a)(1)) is amended—

7 (i) in subparagraph (E), by striking
8 “and” at the end;

9 (ii) by redesignating subparagraph
10 (F) as subparagraph (G);

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

13 “(F) applicants for deposit insurance that
14 could also become a community development fi-
15 nancial institution (as defined in section 103 of
16 the Riegle Community Development and Regu-
17 latory Improvement Act of 1994), a minority
18 depository institution (as defined in section 308
19 of the Financial Institutions Reform, Recovery,
20 and Enforcement Act of 1989), or an impact
21 bank (as designated pursuant to section 2(c) of
22 the Promoting and Advancing Communities of
23 Color through Inclusive Lending Act); and”.

24 (B) APPLICATION.—The amendment made
25 by this paragraph shall apply with respect to

1 the first report to be submitted after the date
2 that is 2 years after the date of the enactment
3 of this Act.

4 (1) **TASK FORCE ON LENDING TO SMALL BUSINESS**
5 **CONCERNS.—**

6 (1) **IN GENERAL.**—Not later than 6 months
7 after the date of the enactment of this Act, the Ad-
8 ministrator of the Small Business Administration
9 shall establish a task force to examine methods for
10 improving relationships between the Small Business
11 Administration and community development finan-
12 cial institutions, minority depository institutions,
13 and Impact Banks to increase the volume of loans
14 provided by such institutions to small business con-
15 cerns (as defined under section 3 of the Small Busi-
16 ness Act (15 U.S.C. 632)).

17 (2) **REPORT TO CONGRESS.**—Not later than 18
18 months after the establishment of the task force de-
19 scribed in paragraph (1), the Administrator of the
20 Small Business Administration shall submit to Con-
21 gress a report on the findings of such task force.

22 **SEC. 11. ESTABLISHMENT OF FINANCIAL AGENT PARTNER-**
23 **SHIP PROGRAM.**

24 (a) **IN GENERAL.**—Section 308 of the Financial In-
25 stitutions Reform, Recovery, and Enforcement Act of

1 1989 (12 U.S.C. 1463 note), as amended by section
2 10(e)(1)(A), is further amended by adding at the end the
3 following new subsection:

4 “(e) FINANCIAL AGENT PARTNERSHIP PROGRAM.—

5 “(1) IN GENERAL.—The Secretary of the
6 Treasury shall establish a program to be known as
7 the ‘Financial Agent Partnership Program’ (in this
8 subsection referred to as the ‘Program’) under which
9 a financial agent designated by the Secretary or a
10 large financial institution may serve as a mentor,
11 under guidance or regulations prescribed by the Sec-
12 retary, to a small financial institution to allow such
13 small financial institution—

14 “(A) to be prepared to perform as a finan-
15 cial agent; or

16 “(B) to improve capacity to provide serv-
17 ices to the customers of the small financial in-
18 stitution.

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

24 “(3) FINANCIAL PARTNERSHIPS.—

1 “(A) IN GENERAL.—Any large financial in-
2 stitution participating in a program with the
3 Department of the Treasury, if not already re-
4 quired to include a small financial institution,
5 shall offer not more than 5 percent of every
6 contract under that program to a small finan-
7 cial institution.

8 “(B) ACCEPTANCE OF RISK.—As a re-
9 quirement of participation in a contract de-
10 scribed under subparagraph (A), a small finan-
11 cial institution shall accept the risk of the
12 transaction equivalent to the percentage of any
13 fee the institution receives under the contract.

14 “(C) PARTNER.—A large financial institu-
15 tion partner may work with small financial in-
16 stitutions, if necessary, to train professionals to
17 understand any risks involved in a contract
18 under the Program.

19 “(D) INCREASED LIMIT FOR CERTAIN IN-
20 STITUTIONS.—With respect to a program de-
21 scribed under subparagraph (A), if the Sec-
22 retary of the Treasury determines that it would
23 be appropriate and would encourage capacity
24 building, the Secretary may alter the require-

1 ments under subparagraph (A) to require
2 both—

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

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

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

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

21 “(A) the number of financial agents, large
22 financial institutions, and small financial insti-
23 tutions participating in such Program; and

1 “(B) the number of outreach events de-
2 scribed in paragraph (2) held during the year
3 covered by such report.

4 “(6) DEFINITIONS.—In this subsection:

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

11 “(B) FINANCIAL AGENT.—The term ‘fi-
12 nancial agent’ means any national banking as-
13 sociation designated by the Secretary of the
14 Treasury to be employed as a financial agent of
15 the Government.

16 “(C) LARGE FINANCIAL INSTITUTION.—
17 The term ‘large financial institution’ means any
18 entity regulated by the Comptroller of the Cur-
19 rency, the Board of Governors of the Federal
20 Reserve System, the Federal Deposit Insurance
21 Corporation, or the National Credit Union Ad-
22 ministration that has total consolidated assets
23 greater than or equal to \$50,000,000,000.

24 “(D) SMALL FINANCIAL INSTITUTION.—
25 The term ‘small financial institution’ means—

1 “(i) any entity regulated by the
2 Comptroller of the Currency, the Board of
3 Governors of the Federal Reserve System,
4 the Federal Deposit Insurance Corpora-
5 tion, or the National Credit Union Admin-
6 istration that has total consolidated assets
7 lesser than or equal to \$2,000,000,000; or
8 “(ii) a minority depository institu-
9 tion.”.

10 (b) **EFFECTIVE DATE.**—This section and the amend-
11 ments made by this section shall take effect 90 days after
12 the date of the enactment of this Act.

13 **SEC. 12. CDFI BOND GUARANTEE REFORM.**

14 Section 114A of the Riegle Community Development
15 and Regulatory Improvement Act of 1994 (12 U.S.C.
16 4713a) is amended—

17 (1) in subsection (c)(2), by striking “, multi-
18 plied by an amount equal to the outstanding prin-
19 cipal balance of issued notes or bonds”;

20 (2) in subsection (e)(2)(B), by striking
21 “\$100,000,000” and inserting “\$25,000,000”; and

22 (3) by striking subsection (k).