

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1699

To provide assistance to community development lending institutions to increase the availability of credit to low-income families and for economic and community development and other activities in low-income neighborhoods, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 5, 1993

Ms. WATERS (for herself, Mr. RANGEL, Mr. MFUME, Mr. CLAY, Ms. NORTON, and Mrs. MEEK) introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

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## A BILL

To provide assistance to community development lending institutions to increase the availability of credit to low-income families and for economic and community development and other activities in low-income neighborhoods, 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 “Community Banking  
5        and Economic Empowerment Act”.

1 **SEC. 2. AUTHORITY OF SECRETARY.**

2 (a) IN GENERAL.—To make credit and credit-related  
3 services available to low-income families and others not  
4 adequately served by traditional lending institutions and  
5 promote community development, economic development,  
6 and revitalization of low-income neighborhoods, the Sec-  
7 retary of Housing and Urban Development shall provide,  
8 to the extent amounts are provided in appropriation  
9 Acts—

10 (1) assistance under section 4 to community de-  
11 velopment lenders (including community develop-  
12 ment banks and other community development fi-  
13 nancial institutions meeting the requirements under  
14 section 3) and other eligible entities that have sub-  
15 mitted applications under section 6 that have been  
16 approved by the Secretary and have entered into  
17 agreements with the Secretary under section 7; and

18 (2) technical assistance under section 9 to as-  
19 sist in organizing and operating community develop-  
20 ment lenders.

21 (b) CONSULTATION.—The Secretary of Housing and  
22 Urban Development shall consult with the Secretary of the  
23 Treasury in developing, implementing, and carrying out  
24 this Act, and in providing assistance to community devel-  
25 opment lenders under section 4.

1 **SEC. 3. ELIGIBLE COMMUNITY DEVELOPMENT LENDERS.**

2 (a) IN GENERAL.—Applications for assistance under  
3 section 4 may be submitted only by the following entities:

4 (1) COMMUNITY DEVELOPMENT LENDERS.—

5 (A) COMMUNITY DEVELOPMENT BANKS.—

6 Depository institutions (as such term is defined  
7 in section 3(c) of the Federal Deposit Insurance  
8 Act) and credit unions that are organized for  
9 the purposes described in subsection (b), or af-  
10 filiates or subsidiaries of depository institutions  
11 or credit unions that are organized for such  
12 purposes, including community development  
13 credit unions, savings and loan associations,  
14 and other depository institutions; except that  
15 the Secretary may not provide assistance under  
16 section 4 to a community development bank es-  
17 tablished or organized by, or as an affiliate or  
18 subsidiary of, any depository institution that  
19 has total assets (not including the assets of the  
20 community development bank), as of the most  
21 recent full fiscal year for the institution, of  
22 more than \$10,000,000.

23 (B) COMMUNITY DEVELOPMENT FINAN-  
24 CIAL INSTITUTIONS.—Any other corporation,  
25 partnership, organization, agency, person, or  
26 other entity organized for the purposes de-

1           scribed in subsection (b), including for-profit  
2           and nonprofit entities, community development  
3           corporations, microenterprise organizations,  
4           community organizations, and other entities  
5           and persons.

6           (2) ELIGIBLE ENTITIES ESTABLISHING COMMU-  
7           NITY DEVELOPMENT LENDERS.—Any corporation,  
8           partnership, organization, agency, person, or other  
9           entity that is engaged in organizing or establishing  
10          a community development bank or community devel-  
11          opment financial institution.

12          (b) PURPOSE.—To be eligible to receive assistance  
13          under section 4, a community development lender applying  
14          for such assistance (or to be established by the eligible  
15          entity applying for such assistance) shall have among its  
16          principal purposes making credit and credit-related serv-  
17          ices available to low-income families and in low-income  
18          neighborhoods and promoting the development and revital-  
19          ization of low-income neighborhoods. The community de-  
20          velopment lender shall carry out such purpose by making  
21          loans to individuals, families, businesses, organizations,  
22          and other entities and conducting such other activities and  
23          services relating to making loans (such as loan counseling  
24          and servicing) as the lender considers appropriate. Such  
25          loans may include mortgage loans, loans for housing devel-

1 opment, rehabilitation, and weatherization, business devel-  
2 opment and assistance loans, personal loans, operating  
3 loans, construction loans, loans for community and  
4 economic development activities, and other repayable  
5 assistance.

6 (c) GOVERNANCE.—To be eligible to receive assist-  
7 ance under section 4, a community development lender ap-  
8 plying for such assistance (or to be established by the eligi-  
9 ble entity applying for such assistance) shall be governed  
10 by a board of directors that—

11 (1) is solely responsible for determining policy  
12 for the community development lender with respect  
13 to management and operations, lending activities,  
14 loan standards and implementation, employment,  
15 asset management, and other any other issues; and

16 (2) includes among its members a significant  
17 number of members who are individuals meeting the  
18 requirements of any of subparagraphs (A) through  
19 (D), who shall include—

20 (A) individuals who are members of low-in-  
21 come families;

22 (B) individuals who are residents of the  
23 low-income neighborhood served by the lender;

24 (C) individuals who are experienced in pro-  
25 viding financial assistance or financial advice to

1 low-income individuals or residents, businesses,  
2 or organizations in low-income neighborhoods;  
3 and

4 (D) individuals who have significant expe-  
5 rience in serving the low-income neighborhood  
6 served by the lender, the community in which  
7 such neighborhood is located, or any other low-  
8 income neighborhood.

9 **SEC. 4. CAPITAL AND OPERATING ASSISTANCE FOR COM-**  
10 **MUNITY DEVELOPMENT LENDERS.**

11 (a) **AUTHORITY.**—The Secretary may provide assist-  
12 ance under this section to community development lenders  
13 and eligible entities establishing community development  
14 lenders, for the purposes under subsection (b).

15 (b) **PURPOSES.**—Assistance under this section may  
16 be used only as provided in the assistance agreement  
17 under section 7 for the community development lender or  
18 eligible entity and only for the following purposes:

19 (1) **FEASIBILITY STUDIES.**—To carry out stud-  
20 ies to determine the feasibility of establishing a pro-  
21 gram to make loans for the purposes under section  
22 3(b) within a particular low-income neighborhood.

23 (2) **CAPITAL ASSISTANCE.**—To provide capital  
24 for the community development lender—

1 (A) to establish or supplement amounts  
2 available for loans for the purposes under sec-  
3 tion 3(b);

4 (B) to provide credit enhancement for  
5 loans for the purposes under section 3(b);

6 (C) to establish or supplement capital re-  
7 serves of the lender; and

8 (D) to carry out other activities, as the  
9 Secretary may provide.

10 (3) OPERATING COSTS.—To provide amounts to  
11 cover operating costs of the community development  
12 lender, including marketing and management activi-  
13 ties, business planning and counseling services, staff  
14 training, planning costs, costs relating to establish-  
15 ing the community development lender or changing  
16 the activities or management of a depository institu-  
17 tion, other financial institution, or other organiza-  
18 tion or entity to include community development  
19 lending activities.

20 (c) OTHER TERMS.—The Secretary may establish  
21 any terms and conditions of assistance under this section  
22 that the Secretary considers appropriate to carry out the  
23 purposes of this Act, including limitations on the amount  
24 of assistance provided to any community development  
25 lender or eligible entity, limitations on the number of ap-

1 plications that may be approved for any single community  
2 development lender or eligible entity, and requirements  
3 and limitations for the amounts and timing of the dis-  
4 bursement of assistance. Separate terms and conditions  
5 of assistance may be established for community develop-  
6 ment banks and community development financial institu-  
7 tions.

8 (d) NON-FEDERAL FUNDS REQUIREMENT.—The  
9 Secretary may not provide assistance under this section  
10 to any eligible entity for the establishment of a community  
11 development lender in an amount in excess of 9 times the  
12 amount that the entity certifies, as the Secretary shall re-  
13 quire, that the entity will contribute from non-Federal  
14 sources to the community development lender established  
15 with amounts provided under this section.

16 **SEC. 5. REQUIREMENTS OF ASSISTED COMMUNITY DEVEL-**  
17 **OPMENT LENDERS.**

18 (a) PROHIBITION OF DIRECT ASSISTANCE.—A com-  
19 munity development lender that receives assistance under  
20 section 4 (or established by an eligible entity that receives  
21 such assistance) may not provide amounts to any person  
22 from assistance received under such section in the form  
23 of a grant or nonrepayable advance or on any other  
24 nonrepayable basis, during the assistance agreement term

1 established by the assistance agreement for the lender  
2 under section 7.

3 (b) LOW-INCOME FAMILY REQUIREMENTS.—

4 (1) REQUIREMENT.—In each calendar year dur-  
5 ing the applicable assistance agreement term, a com-  
6 munity development lender that receives assistance  
7 under section 4 (or established by an eligible entity  
8 that receives such assistance) shall make loans  
9 under section 3(b) benefiting low-income families—

10 (A) in a number that is not less than 50  
11 percent of the total number of loans made by  
12 the lender during such year; and

13 (B) in an amount such that the sum of the  
14 principal amounts of such loans is not less than  
15 50 percent of the sum of the principal amounts  
16 of all loans made by the lender during such  
17 year.

18 (2) DETERMINATION OF BENEFIT.—

19 (A) DIRECT BENEFIT.—A loan shall be  
20 considered to benefit a low-income family for  
21 purposes of paragraph (1) if the loan—

22 (i) is made to such a family;

23 (ii) is made for an activity that is car-  
24 ried out in a low-income neighborhood and  
25 for providing services for such families;

1 (iii) is made for providing facilities de-  
2 signed for the use predominantly by such  
3 families; or

4 (iv) is made for an activity that in-  
5 volves employment of persons, a majority  
6 of whom are members of such families.

7 (B) ACTIVITIES OF GENERAL BENEFIT.—

8 In any case in which an activity assisted with  
9 a loan is designed to serve an area generally  
10 and is clearly designed to meet identified needs  
11 of low-income families in such area, such loan  
12 or activity shall be considered to benefit low-in-  
13 come families for purposes of paragraph (1) to  
14 the extent that the area is a low-income neigh-  
15 borhood.

16 (C) HOUSING.—A loan for the acquisition,  
17 construction, or rehabilitation of property to  
18 provide housing shall be considered to benefit  
19 low-income families for purposes of paragraph  
20 (1) only to the extent that such housing, upon  
21 completion, is occupied by low-income families.

22 (c) LOW-INCOME NEIGHBORHOOD REQUIRE-  
23 MENTS.—In each calendar year during the applicable as-  
24 sistance agreement term, a community development lender  
25 that receives assistance under section 4 (or established by

1 an eligible entity that receives such assistance) shall make  
2 loans under section 3(b) for facilities or activities that  
3 serve the low-income neighborhood served by the lender—

4 (1) in a number that is not less than 50 percent  
5 of the total number of loans made by the lender dur-  
6 ing such year; and

7 (2) in an amount such that the sum of the prin-  
8 cipal amounts of such loans is not less than 50 per-  
9 cent of the sum of the principal amounts of all loans  
10 made by the lender during such year.

11 (d) EMPLOYMENT PLAN.—During the applicable as-  
12 sistance agreement term, a community development lender  
13 that receives assistance under section 4 (or established by  
14 an eligible entity that receives such assistance) shall estab-  
15 lish and comply with a written employment plan under this  
16 subsection. The Secretary shall, by regulation, require that  
17 each employment plan under this subsection set forth a  
18 policy for hiring employees of the community development  
19 lender that—

20 (1) furthers the purposes of this Act by provid-  
21 ing employment opportunities in the neighborhood  
22 served by the community development lender for  
23 residents of the neighborhood; and

24 (2) gives preference in hiring to—

1 (A) individuals who are members of low-in-  
2 come families residing in the neighborhood  
3 served by the community development lender;  
4 and

5 (B) individuals who were formerly em-  
6 ployed in positions at any office or branch of a  
7 depository institution, credit union, or other fi-  
8 nancial institution that is or was located in the  
9 neighborhood served by the community develop-  
10 ment lender and who are not employed in such  
11 positions because of the closing or reorganiza-  
12 tion of the office, branch, or institution, or be-  
13 cause of the elimination of such positions or  
14 any decrease in compensation paid for such  
15 positions.

16 (e) RESERVE REQUIREMENTS.—

17 (1) MAINTENANCE OF RESERVE.—During the  
18 applicable assistance agreement term, a community  
19 development lender that receives assistance under  
20 section 4 (or established by an eligible entity that re-  
21 ceives such assistance) shall maintain, at all times,  
22 a reserve against losses on loans and any other  
23 losses in the amount determined under paragraph  
24 (2).

1           (2) ESTABLISHMENT OF REQUIREMENTS.—The  
2       Secretary shall, by regulation, establish reserve  
3       amounts to be maintained by community develop-  
4       ment lenders taking into consideration the purposes  
5       of such lenders, the nature of lending engaged in by  
6       such lenders, the size and amount of business of  
7       such lenders, the need for such lending in the com-  
8       munities and low-income neighborhoods served by  
9       such lenders, and any other factors the Secretary  
10      considers appropriate. The regulations may establish  
11      separate reserve requirements for community devel-  
12      opment banks and community development financial  
13      institutions.

14           (3) REPLENISHMENT.—If at any time during  
15      the applicable assistance agreement term, the  
16      amount reserved by a community development lender  
17      under this subsection is less than the amount re-  
18      quired to be reserved under the regulations issued  
19      pursuant to paragraph (2), the Secretary may take  
20      such actions as the Secretary may, by regulation,  
21      provide that are consistent with the purposes of this  
22      Act, including withholding any assistance amounts  
23      to be provided to the lender under the agreement  
24      under section 7 but not yet disbursed and requiring  
25      the lender to replenish the reserve by regular con-

1       tributions in the amounts determined by the  
2       Secretary.

3       (f) STAFF.—During the applicable assistance agree-  
4       ment term, a community development lender that receives  
5       assistance under section 4 (or established by an eligible  
6       entity that receives assistance under such section) shall  
7       maintain personnel qualified and capable of conducting  
8       the activities described under section 3(b) and the other  
9       activities of the lender relating to community development,  
10      as the Secretary may require.

11      **SEC. 6. APPLICATION AND APPROVAL FOR ASSISTANCE.**

12      (a) REQUIREMENT.—The Secretary may provide as-  
13      sistance under section 4 only to community development  
14      lenders and eligible entities establishing community devel-  
15      opment lenders that have submitted applications under  
16      this section to the Secretary that have been approved  
17      under subsection (d).

18      (b) TIME AND MANNER.—The Secretary shall estab-  
19      lish requirements regarding the submission of applications  
20      under this section, which shall include requirements for  
21      the time and manner of submission.

22      (c) CONTENTS.—An application under this section  
23      shall contain the following information:

24              (1) COMMUNITY DEVELOPMENT LENDER.—A  
25      description of—

1 (A) the existing community development  
2 bank or community development financial insti-  
3 tution to be assisted; or

4 (B) in the case of an eligible entity submit-  
5 ting the application for assistance, the commu-  
6 nity development lender to be established by the  
7 eligible entity, the existing relationship between  
8 the eligible entity and the community develop-  
9 ment lender to be established, and any continu-  
10 ing relationship that will exist between the  
11 eligible entity and the community development  
12 lender.

13 (2) LOW-INCOME NEIGHBORHOOD SERVED.—  
14 Identification and a description of the low-income  
15 neighborhood in which the community development  
16 lender is, or is to be, located and conduct its prin-  
17 cipal operations and a description of the existing  
18 availability of credit and credit-related services in  
19 such neighborhood.

20 (3) TYPES OF BUSINESS.—A description of the  
21 types of business engaged in, or to be engaged in,  
22 by the community development lender and of the  
23 need for such business in the neighborhood served  
24 by the community development lender.

1 (4) BOARD OF DIRECTORS AND OPERATION.—

2 In the case of an application by an existing commu-  
3 nity development lender, a description of the board  
4 of directors of the community development lender  
5 and the structure of the management and operations  
6 of the community development lender.

7 (5) FINANCIAL EXPERTISE.—In the case of an  
8 application by an existing community development  
9 lender, a description of any lending or financial ex-  
10 pertise or experience of the members of the board of  
11 directors of the community development lender and  
12 the managers or employees of the lender.

13 (6) FINANCIAL HISTORY.—In the case of an ap-  
14 plication by an existing community development  
15 lender, any financial information regarding the com-  
16 munity development lender that the Secretary con-  
17 siders necessary in determining whether to provide  
18 assistance to the community development lender, in-  
19 cluding information regarding any history of compli-  
20 ance with the requirements of section 5.

21 (7) REGULATION.—Identification of any Fed-  
22 eral, State, and local laws, ordinances, and regula-  
23 tions under which the financial operations of the  
24 community development lender are, or are to be,  
25 subject to the supervision, approval, regulation, or

1 insuring of any agency or other instrumentality of  
2 the Federal Government or the State or local gov-  
3 ernment and identification of the agency or instru-  
4 mentality.

5 (8) NEW COMMUNITY DEVELOPMENT LEND-  
6 ERS.—In the case of an application by an eligible  
7 entity for assistance for the establishment of a com-  
8 munity development lender, any financial, organiza-  
9 tional, or other information that the Secretary con-  
10 siders necessary in determining whether to provide  
11 such assistance.

12 (9) ASSISTANCE.—A description of the amount  
13 of assistance for which the community development  
14 lender or eligible entity is applying and a description  
15 of the purposes for which such assistance will be  
16 used.

17 (10) EMPLOYMENT PLAN.—An employment  
18 plan in accordance with the regulations issued under  
19 section 5(d).

20 (11) COMPLIANCE WITH REQUIREMENTS.—A  
21 description of the actions to be taken by the commu-  
22 nity development lender (or the eligible entity estab-  
23 lishing the community development lender) to ensure  
24 compliance with the requirements under section 5.

1           (12) OTHER.—Any other information the Sec-  
2           retary considers appropriate to carry out, and en-  
3           sure compliance with, the provisions of this Act.

4           (d) REVIEW AND APPROVAL.—

5           (1) REVIEW.—The Secretary shall promptly re-  
6           view each application submitted under this section.

7           (2) MINIMUM STANDARDS FOR APPROVAL.—  
8           The Secretary may approve an application under  
9           this section for assistance only if the Secretary de-  
10          termines, based on the information contained in an  
11          application, that—

12                   (A) the lender will operate in accordance  
13                   with the requirements of this Act and in a fi-  
14                   nancially safe and sound manner; and

15                   (B) the assistance is necessary and appro-  
16                   priate to facilitate the provision of credit and  
17                   credit-related services in the neighborhood  
18                   served by the lender to low-income families and  
19                   others not adequately served by traditional  
20                   lending institutions.

21           (3) SELECTION CRITERIA.—The Secretary shall  
22           approve applications under this subsection based on  
23           competitive selection criteria, which the Secretary  
24           shall establish by regulation.

1           (4) NOTIFICATION.—The Secretary shall  
2 promptly notify each applicant of the approval or  
3 disapproval of the applicant’s application. In the  
4 case of any disapproval, such notification shall in-  
5 clude a statement of the reasons for the disapproval  
6 and of the availability of technical assistance under  
7 section 9.

8 **SEC. 7. ASSISTANCE AGREEMENTS.**

9           (a) REQUIREMENT.—The Secretary may not provide  
10 assistance under section 4 for an application for such as-  
11 sistance approved under section 6 unless the community  
12 development lender or eligible entity submitting the appli-  
13 cation enters into a written agreement with the Secretary  
14 under this section.

15           (b) CONTENTS.—An agreement under this section  
16 shall provide the following:

17           (1) NEIGHBORHOOD SERVED.—A delineation of  
18 the boundaries of the low-income neighborhood with-  
19 in which the community development lender shall be  
20 located and in which the lender shall conduct its  
21 principal operations.

22           (2) COMPLIANCE WITH REQUIREMENTS.—That  
23 the community development lender shall comply with  
24 the requirements under section 5.

1           (3) SAFE AND SOUND OPERATION.—That the  
2 community development lender shall operate in a fi-  
3 nancially safe and sound manner.

4           (4) BOOKS AND RECORDS.—That the commu-  
5 nity development lender shall operate and maintain  
6 books and records in accordance with the regulations  
7 issued by the Secretary under section 8 and will pro-  
8 vide the Secretary with access to such books and  
9 records for purposes of determining the compliance  
10 of the lender with the requirements of this Act and  
11 the provisions of the agreement under this section.

12           (5) PERFORMANCE STANDARDS AND SANC-  
13 TIONS.—Standards for the performance and finan-  
14 cial operation of the community development lender  
15 appropriate for the particular lender, including  
16 standards relating to the lending volume, portfolio  
17 performance, personnel development, service to the  
18 neighborhood served by the lender, and sanctions for  
19 failure to comply with such standards.

20           (6) REPORTS.—That the community develop-  
21 ment lender (or the eligible entity establishing the  
22 community development lender) shall submit reports  
23 to the Secretary including such information, at such  
24 times, and in such manner, as required by the Sec-  
25 retary and provided in the agreement.

1           (7) ASSISTANCE.—The amount of assistance to  
2           be provided to the community development lender  
3           (or eligible entity establishing the community devel-  
4           opment lender), the purposes under section 4(b) for  
5           which such assistance will be used, and the timing  
6           and terms of the disbursement of such assistance.

7           (8) OTHER CONDITIONS.—That the community  
8           development lender shall comply with any other writ-  
9           ten conditions (which shall be contained in the  
10          agreement) that the Secretary considers appropriate  
11          to carry out the purposes of this Act.

12          (9) PERIOD OF COMPLIANCE.—The period dur-  
13          ing which the community development lender shall  
14          comply with the provisions of the agreement under  
15          this section, which shall not be shorter than 12  
16          months in duration.

17          (c) FEDERAL OR OTHER REGULATION OF LEND-  
18          ER.—An agreement under this section may not be con-  
19          strued to annul, alter, affect, or exempt the community  
20          development lender receiving assistance pursuant to the  
21          agreement (or established by the eligible entity receiving  
22          such assistance) from complying with any Federal, State,  
23          or local laws, ordinances, and regulations applicable to the  
24          financial and other operations of community development  
25          lender or with any orders or rulings of any agency or in-

1 strumentality of the Federal Government or the State or  
2 local government responsible for the supervision, approval,  
3 regulation, or insuring of the community development  
4 lender.

5 **SEC. 8. BOOKS, RECORDS, AND AUDITS.**

6 (a) BOOKS AND RECORDS.—During the applicable  
7 assistance agreement term, a community development  
8 lender that receives assistance under section 4 (or estab-  
9 lished by an eligible entity that receives such assistance)  
10 shall maintain the books and records of the bank in the  
11 manner that the Secretary shall, by regulation, require.

12 (b) EXAMINATIONS AND AUDITS.—

13 (1) RECERTIFICATION.—The Secretary shall,  
14 not less than once each year during the applicable  
15 assistance agreement term, conduct an examination  
16 of the books, records, and financial accounts and  
17 transactions of each community development lender  
18 receiving assistance under section 4 (or established  
19 by an eligible entity receiving assistance under such  
20 section) for the purpose of determining compliance  
21 of the lender with this Act and the provisions of the  
22 agreement.

23 (2) OTHER.—During the applicable assistance  
24 agreement term, the Secretary may conduct any  
25 other examinations and audits of such a community

1 development lender and its accounts and trans-  
2 actions that the Secretary considers appropriate to  
3 determine the condition of the lender and compliance  
4 with the provisions of the assistance agreement.

5 **SEC. 9. TECHNICAL ASSISTANCE FOR ORGANIZING AND OP-**  
6 **ERATING COMMUNITY DEVELOPMENT LEND-**  
7 **ERS.**

8 (a) ASSISTANCE TO ESTABLISH COMMUNITY DEVEL-  
9 OPMENT LENDERS.—The Secretary shall carry out a pro-  
10 gram under this subsection to provide technical assistance  
11 in establishing community development banks and commu-  
12 nity development financial institutions, which shall in-  
13 clude—

14 (1) educating organizations, financial institu-  
15 tions, governmental agencies, and other entities and  
16 persons in low-income neighborhoods and elsewhere  
17 regarding the need for, capabilities, functions, and  
18 organization of community development lenders;

19 (2) educating and training organizations, depos-  
20 itory and other financial institutions, and other enti-  
21 ties and persons in organizing community develop-  
22 ment lenders and applying for assistance under this  
23 Act for establishment of community development  
24 lenders;

1           (3) recruiting, and assisting organizations, gov-  
2           ernmental agencies, and other entities and persons  
3           to recruit existing organizations, depository and  
4           other financial institutions, and other entities and  
5           persons to establish community development banks;

6           (4) assisting entities and persons interested in  
7           establishing community development lenders in iden-  
8           tifying community lending needs and meeting the  
9           application requirements and preparing applications  
10          under this Act; and

11          (5) assisting community development lenders  
12          and eligible entities whose applications have been  
13          disapproved under section 6(d) to submit approvable  
14          applications for assistance under section 4.

15          (b) ASSISTANCE FOR OPERATING COMMUNITY DE-  
16          VELOPMENT LENDERS.—The Secretary shall carry out a  
17          program under this subsection to provide technical assist-  
18          ance to community development lenders, which shall in-  
19          clude—

20                (1) education and training regarding manage-  
21                ment and operation of the lenders, including design-  
22                ing and utilizing lending practices to target credit to  
23                low-income families and neighborhoods, complying  
24                with financial and accounting standards under the  
25                agreement for the lender under section 7, and imple-

1       menting effective asset management and fund devel-  
2       opment techniques;

3           (2) collecting and disseminating information  
4       from various community development lenders re-  
5       garding successful management and operation tech-  
6       niques, lending practices, and lending activities; and

7           (3) training personnel of lenders to meet re-  
8       quirements under section 5(f).

9       (c) PROVISION OF ASSISTANCE.—The Secretary may  
10      provide technical assistance under this section directly or  
11      through public or private organizations pursuant to con-  
12      tracts with such organizations or grants to such organiza-  
13      tions.

14      (d) ADMINISTRATION.—The Secretary may provide  
15      for making technical assistance under this section avail-  
16      able to community development lenders and eligible enti-  
17      ties that receive assistance under section 4 pursuant to  
18      a request for such assistance in an application under sec-  
19      tion 6, approval of the application, and the inclusion of  
20      terms in the assistance agreement under section 7 provid-  
21      ing for such assistance.

1 **SEC. 10. AVAILABILITY OF FEDERAL RESERVE SYSTEM RE-**  
2 **SOURCES FOR COMMUNITY DEVELOPMENT**  
3 **BANKS.**

4 (a) IN GENERAL.—The Board of Governors of the  
5 Federal Reserve System shall take such action as may be  
6 necessary to ensure the availability of funds for commu-  
7 nity development banks under the Federal Reserve Act to  
8 the maximum extent practicable.

9 (b) REPORT.—Before the end of the 6-month period  
10 beginning on the date of the enactment of this Act, the  
11 Board of Governors of the Federal Reserve System shall  
12 submit a report to the Congress containing recommenda-  
13 tions for legislative actions which the Board determines  
14 to be appropriate to increase liquidity lending to commu-  
15 nity development banks by the Federal reserve banks to  
16 carry out the purposes of this Act.

17 **SEC. 11. RELATIONSHIP TO COMMUNITY REINVESTMENT**  
18 **ACT OF 1977.**

19 Section 807(b) of the Community Reinvestment Act  
20 of 1977 (12 U.S.C. 2906(b)) is amended by adding at the  
21 end the following new paragraph:

22 “(3) COORDINATION WITH COMMUNITY BANK-  
23 ING AND ECONOMIC EMPOWERMENT ACT.—No regu-  
24 lated financial institution may receive a rating of  
25 ‘outstanding record of meeting community credit  
26 needs’ or ‘satisfactory record of meeting community

1 credit needs' solely on the basis of loans to or invest-  
2 ments in community development lenders.”.

3 **SEC. 12. REPORTS TO CONGRESS.**

4 The Secretary shall submit a report to the Congress  
5 not later than July 1 of each year in which the Secretary  
6 provides assistance under section 4 to community develop-  
7 ment lenders or eligible entities, which shall describe—

8 (1) the assistance provided under such section,  
9 the purposes for which such assistance will be used,  
10 the neighborhoods to be served by the community  
11 development lenders assisted, and the activities of  
12 community development lenders assisted; and

13 (2) any technical assistance provided under sec-  
14 tion 9 by the Secretary.

15 **SEC. 13. REGULATIONS.**

16 The Secretary of Housing and Urban Development,  
17 jointly with the Secretary of the Treasury, shall issue any  
18 regulations necessary to carry out this Act.

19 **SEC. 14. DEFINITIONS.**

20 For purposes of this Act:

21 (1) The term “assistance agreement” means an  
22 agreement under section 7 between the Secretary  
23 and a community development lender or eligible en-  
24 tity receiving assistance under section 4.

1           (2) The term “assistance agreement term”  
2 means the period established by an assistance agree-  
3 ment during which the community development lend-  
4 er that receives assistance under section 4 pursuant  
5 to the agreement (or established by the eligible en-  
6 tity that receives such assistance) shall comply with  
7 the provision of the agreement.

8           (3) The term “community development bank”  
9 means a depository institution described in section  
10 3(a)(1)(A) that meets the requirements under sub-  
11 sections (b) and (c) of section 3.

12           (4) The term “community development finan-  
13 cial institution” means a financial institution de-  
14 scribed in section 3(a)(1)(B) that meets the require-  
15 ments under subsections (b) and (c) of section 3.

16           (5) The term “community development lender”  
17 means a community development bank or a commu-  
18 nity development financial institution that meets the  
19 requirements under subsections (b) and (c) of sec-  
20 tion 3.

21           (6) The term “eligible entity” means any entity  
22 described in section 3(a)(2).

23           (7) The term “low-income family” means any  
24 individual or family whose income does not exceed  
25 80 percent of the median income for the area, as de-

1       terminated by the Secretary with adjustments for  
2       smaller and larger families; except that the Sec-  
3       retary may establish income ceilings higher or lower  
4       than 80 percent of the median for the area on the  
5       basis of any findings by the Secretary that such  
6       variations are necessary because of unusually high  
7       or low prevailing incomes.

8               (8) The term “low-income neighborhood”  
9       means any area within a city, county, town, town-  
10       ship, parish, village, or other general purpose sub-  
11       division of a State—

12                       (A) that has a continuous boundary; and

13                       (B) in which not less than 20 percent of  
14       the residents are members of low-income fami-  
15       lies.

16               (9) The term “low-income neighborhood served  
17       by a community development lender” means the low-  
18       income neighborhood identified in an application  
19       under section 6 and an assistance agreement under  
20       section 7 as the area in which the community devel-  
21       opment lender that receives assistance pursuant to  
22       such application and agreement (or established by  
23       the eligible entity that receives such assistance) will  
24       be located and conduct its principal operations.

1           (10) The term “Secretary” means the Secretary  
2           of Housing and Urban Development.

3 **SEC. 15. AUTHORIZATION OF APPROPRIATIONS.**

4           There is authorized to be appropriated for each of  
5 fiscal years 1994 and 1995—

6           (1) \$800,000,000 for assistance under section  
7           4; and

8           (2) \$200,000,000 for providing technical assist-  
9           ance under section 9.

○

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