

103D CONGRESS  
1ST SESSION

# H. R. 238

To promote community development lending by financial institutions in economically distressed areas.

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IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mr. LEACH introduced the following bill; which was referred to the Committee on Banking and Finance

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## A BILL

To promote community development lending by financial institutions in economically distressed areas.

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 shall be cited as the “Community Develop-  
5 ment Banking Act of 1993”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—The Congress finds that:

8 (1) Many small and medium size businesses,  
9 low- to moderate-income individuals and economi-

1 cally distressed areas lack adequate access to credit  
2 and private capital.

3 (2) Community development is most productive  
4 when neighborhood residents and merchants, non-  
5 profit organizations, local government officials, and  
6 private lenders cooperate to create a more positive  
7 physical, financial and market environment which  
8 encourages and supports private investment and re-  
9 investment.

10 (3) The best way to address problems of de-  
11 pressed economies in inner cities, rural areas, and  
12 other underserved communities is by empowering  
13 local residents through technical assistance and mar-  
14 ket incentives for pooling local resources.

15 (4) There is a need to provide existing regu-  
16 lated financial institutions with incentives to provide  
17 these groups with adequate access to credit and pri-  
18 vate capital without compromising safety and sound-  
19 ness.

20 (5) There is a need to encourage other private  
21 sector institutions, such as community development  
22 banks, community development corporations, com-  
23 munity development credit unions and small busi-  
24 ness investment corporations to provide these groups  
25 with adequate access to credit and private capital

1 without the creation of an additional Federal bu-  
2 reaucracy and without exposing taxpayers to unnec-  
3 essary risk.

4 (6) There is a need for the Administration to  
5 complete implementing guidelines for existing initia-  
6 tives, such as the Bank Enterprise Act, designed to  
7 provide these groups with adequate access to credit  
8 and private capital.

9 (b) PURPOSE.—The purpose of this Act is to provide  
10 small and medium size businesses, low- and moderate-in-  
11 come individuals and economically distressed areas with  
12 adequate access to credit and private capital by providing  
13 incentives to regulated financial institutions and other pri-  
14 vate sector institutions.

## 15 **TITLE I—BANK COMMUNITY** 16 **DEVELOPMENT INCENTIVES**

### 17 **SEC. 101. CRA CREDIT FOR COMMUNITY INVESTMENTS.**

18 (a) CRA CREDIT FOR COMMUNITY LENDING ACTIVI-  
19 TIES.—The Community Reinvestment Act of 1977 (12  
20 U.S.C. 2901 et seq.) is amended by inserting at the end  
21 the following new section:

#### 22 **“SEC. 809. STANDARDS FOR CRA CREDIT.**

23 “(a) IN GENERAL.—Not later than 1 year after the  
24 date of enactment of this section, the Federal Financial  
25 Institutions Examination Council, in consultation with the

1 Community Enterprise Assessment Credit Board, individ-  
2 uals representing regulated financial institutions, consum-  
3 ers, community groups, and other interested parties, shall  
4 establish standards to assess the record of a regulated fi-  
5 nancial institution in meeting its community credit needs  
6 and for purposes of written evaluations prepared under  
7 section 807. Such standards shall evaluate a regulated fi-  
8 nancial institution's record of meeting the credit needs of  
9 its entire community and expressly grant credit for pur-  
10 poses of written evaluations under section 807 of this Act  
11 based on, but not limited to, the following—

12           “(1) the actual volume of lending by the institu-  
13           tion to its delineated community;

14           “(2) the percentage of earning assets, new loan  
15           production or capital that the institution has in-  
16           vested in its delineated community;

17           “(3) investments by the institution designed  
18           primarily to promote the public welfare, including  
19           the welfare of low- and moderate-income commu-  
20           nities or families (such as by providing housing serv-  
21           ices or jobs in the institution's community);

22           “(4) investments in any community develop-  
23           ment organization, community development bank,  
24           community development corporation, community de-  
25           velopment credit union, minority depository institu-

1 tion, women’s depository institution, small business  
2 investment corporation operating in the regulated fi-  
3 nancial institution’s delineated community or any  
4 qualifying activity pursuant to section 233(a) of the  
5 Bank Enterprise Act of 1991;

6 “(5) achieving the assessment factors identified  
7 in the regulations prescribed by the Federal finan-  
8 cial supervisory agencies to implement this Act;

9 “(6) additional factors that demonstrate an in-  
10 stitution’s commitment to meeting the credit needs  
11 of its entire community.

12 “(b) REGULATIONS TO INCLUDE STANDARDS.—Each  
13 appropriate Federal financial supervisory agency shall in-  
14 clude the standards established under subsection (a) in its  
15 regulations required by section 806.

16 “(c) ASSIGNED RATINGS.—

17 “(1) RATING STANDARDS.—The Federal finan-  
18 cial supervisory agencies shall base the assigned rat-  
19 ings required under section 807(b)(2) of this Act on  
20 the standards established pursuant to subsection (a).

21 “(2) AGENCY DISCRETION.—In connection with  
22 the use of the standards established under sub-  
23 section (a) and for purposes of the assigned ratings  
24 required under section 807(b)(2), the appropriate  
25 Federal financial supervisory agency shall consider

1 and give appropriate weight and consideration for a  
2 regulated financial institution’s asset size and serv-  
3 ice area, access to Federal programs, local economic  
4 conditions, legal impediments and any additional  
5 factors that reasonably bear upon such institution’s  
6 ability to meet its community credit needs.”

7 (b) CONFORMING AMENDMENT.—Section 808(a) of  
8 the Community Reinvestment Act of 1977 (12 U.S.C.  
9 2907(a)) (as amended by section 909 of the Housing and  
10 Community Development Act of 1992) is amended by  
11 striking “may be a factor” and inserting “shall be consid-  
12 ered and given credit”.

13 **SEC. 102. CRA COMPLIANCE.**

14 (a) IN GENERAL.—Section 804 of the Community  
15 Reinvestment Act of 1977 (12 U.S.C. 2903) is amended—

16 (1) by striking “In connection with” and insert-  
17 ing “(a) IN GENERAL.—Subject to subsection (b), in  
18 connection with”;

19 (2) by adding at the end the following:

20 “(b) CRA COMPLIANCE.—Notwithstanding sub-  
21 section (a)(2), an application for a deposit facility by a  
22 regulated financial institution shall not be denied on the  
23 basis of such institution’s compliance with this Act if such  
24 institution has received a rating in its last evaluation  
25 under section 804 of ‘outstanding’ in its record of meeting

1 its community needs based on the standards established  
2 under section 809(b).

3 “(c) COMMUNITY DEVELOPMENT INVESTMENT AC-  
4 TIVITIES.—

5 “(1) REGULATED FINANCIAL INSTITUTIONS.—

6 Any well capitalized (as defined in section 38 of the  
7 Federal Deposit Insurance Act and the regulations  
8 promulgated thereto), regulated financial institution  
9 that fully invests the maximum amount permissible  
10 by the appropriate Federal banking agency or State  
11 supervisor for an institution which meets the defini-  
12 tion of ‘well capitalized’, as authorized by law, regu-  
13 lation or order, in a qualifying investment shall be  
14 deemed to have met all requirements under this Act,  
15 including for purposes of any application for a de-  
16 posit facility by such regulated financial institution.

17 “(2) DEPOSITORY INSTITUTION HOLDING COM-  
18 PANIES.—Any depository institution holding com-  
19 pany that owns or controls 80 percent of its assets  
20 in regulated financial institutions that are well cap-  
21 italized, and

22 “(A) has fully invested the maximum  
23 amount permissible by the appropriate Federal  
24 banking agency as authorized by law, regulation  
25 or order, in a qualifying investment; or

1           “(B) owns or controls 80 percent of its as-  
2           sets in regulated financial institutions that have  
3           fully invested the maximum amount permissible  
4           by the appropriate Federal banking agency or  
5           State supervisor for an institution which meets  
6           the definition of ‘well capitalized’, as authorized  
7           by law, regulation or order, in a qualifying in-  
8           vestment;

9           shall be deemed to have met all requirements under  
10          this Act, including for purposes of any application  
11          for a deposit facility by such depository institution  
12          holding company.

13          “(3) QUALIFYING INVESTMENTS.—

14                 “(A) For purposes of this subsection, the  
15                 term ‘qualifying investment’ means any invest-  
16                 ment by a regulated financial institution or a  
17                 depository institution holding company in a  
18                 community development bank, community de-  
19                 velopment corporation, community development  
20                 credit union, or small business investment cor-  
21                 poration operating in the regulated financial in-  
22                 stitution’s delineated community, subject to  
23                 subparagraphs (B) and (C).

24                 “(B) No investment will be considered a  
25                 ‘qualifying investment’ under this paragraph if



1 the appropriate Federal financial supervisory  
2 agency determines that such an investment is  
3 not consistent with safe and sound banking  
4 practices.

5 “(C) Any ‘qualifying investment’ under  
6 this paragraph shall be designed to satisfy the  
7 affiliated regulated financial institution’s con-  
8 tinuing and affirmative obligation to help meet  
9 the credit needs of the local community where  
10 it is chartered.”.

11 (b) CONFORMING AMENDMENT.—Section 803 of the  
12 Community Reinvestment Act is amended by inserting at  
13 the end the following:

14 “(5) The term ‘depository institution holding  
15 company’ has the same meaning given such term as  
16 in section 3(w)(1) of the Federal Deposit Insurance  
17 Act (12 U.S.C. 1813(w)(1)).

18 “(6) The terms ‘community development orga-  
19 nization’, ‘community development bank’, and ‘com-  
20 munity development corporation’ have the same  
21 meaning given such terms in section 234 of the  
22 Bank Enterprise Act of 1991.

23 “(7) The term ‘community development credit  
24 union’ has the same meaning given such term as in

1 section 101(1) of the Federal Credit Union Act (12  
2 U.S.C. 1752(10)) [as amended herein].”

3 **SEC. 103. EXPEDITED PROCEDURES FOR COMMUNITY DE-**  
4 **VELOPMENT CORPORATIONS.**

5 Section 4 of the Bank Holding Company Act of 1956  
6 (12 U.S.C. 1843) is amended by inserting at the end the  
7 following new subsection:

8 “(j) NOTICE PROCEDURES FOR COMMUNITY DEVEL-  
9 OPMENT CORPORATION ACTIVITIES.—

10 “(1) GENERAL NOTICE PROCEDURE.—No bank  
11 holding company may acquire or retain ownership or  
12 control of the shares of a community development  
13 corporation as authorized pursuant to subsection (c)  
14 of this section without providing the Board with at  
15 least 30 days prior written notice of the proposed  
16 transaction or expansion.

17 “(2) CONTENTS OF NOTICE.—The notice sub-  
18 mitted to the Board shall contain such information  
19 as the Board shall prescribe by regulation or by spe-  
20 cific request in connection with a particular notice.

21 “(3) PROCEDURE FOR AGENCY ACTION.—A no-  
22 tice filed under this subsection shall be deemed to be  
23 approved by the Board unless, prior to the expira-  
24 tion of 30 days from the receipt of a complete no-

1       tice, the Board issues an order setting forth the rea-  
2       sons for disapproval.

3           “(4) WAIVER.—Any activity of a Community  
4       Development Corporation authorized under sub-  
5       section (c) and subject to paragraph (1), may pro-  
6       ceed prior to the expiration of the disapproval period  
7       if the Board issues a written notice of approval.

8           “(5) SHORTER PERIOD.—The Board may pro-  
9       vide for a shorter period of time for notice under  
10      this subsection if such action would produce benefits  
11      to the public without adversely affecting the safety  
12      and soundness of insured depository institutions.”

13   **SEC. 104. COMMUNITY DEVELOPMENT INVESTMENT AC-**  
14                   **COUNTS.**

15      (a) NATIONAL BANKS.—Section 5136 of the revised  
16      statutes (12 U.S.C. 24) is amended by inserting at the  
17      end the following:

18           “Twelfth. Notwithstanding any other provision of  
19      law, to organize, sponsor or underwrite securities issued  
20      by companies that are registered as investment companies  
21      under the Investment Company Act of 1940: *Provided,*  
22      That such investment companies invest and trade only in  
23      securities issued by companies located and primarily doing  
24      business in qualified distressed communities as defined in  
25      section 233(b) of the Bank Enterprise Act of 1991.”

1 (b) SAVINGS ASSOCIATIONS.—(b) Section 5(c)(1) of  
2 the Home Owners’ Loan Act (12 U.S.C. 1464(c)(1)) is  
3 amended by inserting at the end the following:

4 “(S) COMMUNITY DEVELOPMENT INVESTMENT  
5 ACCOUNTS.—Notwithstanding any other provision of  
6 law, to organize, sponsor or underwrite securities is-  
7 sued by companies that are registered as investment  
8 companies under the Investment Company Act of  
9 1940: *Provided*, That such investment companies in-  
10 vest and trade only in securities issued by companies  
11 located and primarily doing business in qualified dis-  
12 tressed communities as defined in section 233(b) of  
13 the Bank Enterprise Act of 1991.”

14 **SEC. 105. ENHANCED PASSIVE INVESTMENTS AUTHORIZED**  
15 **FOR COMMUNITY DEVELOPMENT ACTIVITIES.**

16 (a) IN GENERAL.—Section 4(c) of the Bank Holding  
17 Company Act of 1956 (12 U.S.C. 1843(c)) is amended  
18 by adding the following paragraph:

19 “(15) shares of any company located and pri-  
20 marily doing business in a qualified distressed com-  
21 munity as defined in section 233(b) of the Bank En-  
22 terprise Act of 1991 to the extent that—

23 “(A) the total amount of the shares of  
24 such company acquired or retained in accord-  
25 ance with this paragraph (by the bank holding

1 company and any subsidiary of the bank hold-  
2 ing company) does not exceed 25 percent of the  
3 outstanding voting shares of the company;

4 “(B) the company is not under the oper-  
5 ational control, directly or indirectly, of the  
6 bank holding company;

7 “(C) the company does not engage in real  
8 estate or real estate related activities not per-  
9 missible for a national bank; and

10 “(D) the Board has been given notice by  
11 the bank holding company of its intent to ac-  
12 quire or retain the shares of such company in  
13 accordance with this paragraph and has not  
14 disapproved the acquisition within 45 days  
15 based on a finding that such acquisition or re-  
16 tention of shares would adversely affect the  
17 safety and soundness of insured depository in-  
18 stitution affiliates.”

19 (b) CONFORMING AMENDMENT.—Section 2(a)(3) of  
20 the Bank Holding Company Act of 1956 (12 U.S.C.  
21 1841(a)) is amended by redesignating paragraphs (4), (5),  
22 and (6) as paragraphs (5), (6), and (7), respectively, and  
23 by inserting after paragraph (3) the following new para-  
24 graph:

1       “(4) For the purpose of any proceeding under para-  
2 graph (2)(C) or to which paragraph (5) applies, there shall  
3 be a presumption that any company which owns, controls,  
4 or has the power to vote not more than 25 percent of any  
5 class of voting stock of any company as authorized by,  
6 and in conformity with, section 4(c)(15) of this Act does  
7 not control such company.”

8 **SEC. 106. AWARDS PROGRAM.**

9       The Federal Financial Institutions Examination  
10 Council shall establish an annual awards program to pub-  
11 licly recognize tangible examples of outstanding efforts by  
12 insured depository institutions to meet the credit needs of  
13 their communities.

14 **SEC. 107. QUALIFIED STOCK ISSUANCES FOR MINORITY**  
15 **THRIFTS.**

16       Section 10(q) of the Home Owners’ Loan Act, 12  
17 U.S.C. 1467a(q), is amended—

18           (1) by deleting “undercapitalized” each place  
19 that it appears and inserting “eligible”;

20           (2) in paragraph (1)(F), by deleting “has cap-  
21 ital” and all that follows and inserting “is ade-  
22 quately capitalized as determined under section 38  
23 of the Federal Deposit Insurance Act (12 U.S.C.  
24 1831o).”;

1 (3) in paragraph (1)(G), by deleting “not more  
2 than 15” and inserting “less than 25”;

3 (4) by deleting subparagraphs (A) and (B) of  
4 paragraph (4), as amended, and inserting new sub-  
5 paragraphs (A) and (B) to read as follows—

6 “(A) that is ‘undercapitalized’ as deter-  
7 mined under section 38 of the Federal Deposit  
8 Insurance Act (12 U.S.C. 1831o); or

9 “(B) that is a ‘minority depository institu-  
10 tion’ as determined under section 3 note of the  
11 Home Owners’ Loan Act (12 U.S.C. 1463  
12 note), as added by section 308 of the Financial  
13 Institutions Reform, Recovery and Enforcement  
14 Act of 1989 (Public Law 101–73, 103 Stat.  
15 183).”.

## 16 **TITLE II—HOUSING AND SMALL** 17 **BUSINESS FINANCE**

### 18 **SEC. 201. GOVERNMENT SPONSORED ENTERPRISE PUR-** 19 **CHASE GOALS.**

20 (a) **LOW- AND MODERATE-INCOME HOUSING**  
21 **GOALS.**—Section 1332(a) of the Federal Housing Enter-  
22 prises Financial Safety and Soundness Act of 1992 is  
23 amended by adding the following new sentence to the end  
24 thereof: “The Secretary shall establish a separate specific  
25 sub-goal within the goal under this section for the pur-

1 chase by each enterprise of mortgages originated by com-  
2 munity development organizations as such term is de-  
3 scribed in section 234 of the Bank Enterprise Act of  
4 1991.”.

5 (b) SPECIAL AFFORDABLE HOUSING GOALS.—Sec-  
6 tion 1333(a) of the Federal Housing Enterprises Finan-  
7 cial Safety and Soundness Act of 1992 is amended by add-  
8 ing the following new sentence to the end thereof: “The  
9 Secretary shall establish a separate specific sub-goal with-  
10 in the goal under this section for the purchase by each  
11 enterprise of mortgages originated by community develop-  
12 ment organizations as such term is described in section  
13 234 of the Bank Enterprise Act of 1991.”.

14 (c) HOUSING GOALS FOR UNDERSERVED AREAS.—  
15 Section 1334(a) of the Federal Housing Enterprises Fi-  
16 nancial Safety and Soundness Act of 1992 is amended by  
17 adding the following new sentence to the end thereof:  
18 “The Secretary shall establish a separate specific sub-goal  
19 within the goal under this section for the purchase by each  
20 enterprise of mortgages originated by community develop-  
21 ment organizations as such term is described in section  
22 234 of the Bank Enterprise Act of 1991.”

23 (d) ADDITIONAL REQUIREMENTS.—Section 1335 of  
24 the Federal Housing Enterprises Financial Safety and  
25 Soundness Act of 1992 is amended—



1 (1) by striking “and” at the end of paragraph  
2 (3);

3 (2) by striking the period at the end of para-  
4 graph (4) and inserting in lieu thereof “; and”; and

5 (3) by inserting the following new paragraph  
6 (5) at the end thereof:

7 “(5) assist community development organizations, as  
8 such term is described in section 234 of the Bank Enter-  
9 prise Act of 1991, to develop the institutional capacity to  
10 assist low- and moderate-income families with the pur-  
11 chase of their first home.”

12 **SEC. 202. QUALIFIED THRIFT LENDER TEST.**

13 Section 10(m)(4)(C)(ii) of the Home Owners Loan  
14 Act (12 U.S.C. 1467a(m)(4)(C)(ii)) is amended by insert-  
15 ing at the end the following subclause:

16 “(VII) Loans or extensions of  
17 credit for the purchase, improvement,  
18 or construction of churches, schools,  
19 nursing homes or hospitals located  
20 within, and loans or extensions of  
21 credit for any purposes to any small  
22 businesses located within, a qualified  
23 distressed community as defined in  
24 section 233(b) of the Bank Enterprise  
25 Act of 1991.”.

1 **SEC. 203. MICRO-LOAN GUARANTEE DEMONSTRATION PRO-**  
2 **GRAM.**

3 (a) **PURPOSES.**—Section 7(m)(1)(A)(iii) of the Small  
4 Business Act is amended by redesignating subclauses (II),  
5 (III), and (IV) as subclauses (III), (IV), and (V), respec-  
6 tively, and inserting after subclause (I) the following new  
7 subclause (II):

8 “(II) to establish a model pro-  
9 gram to determine the feasibility of  
10 developing a private secondary market  
11 for loans guaranteed under this sub-  
12 section to enhance the availability of  
13 credit to small business concerns for  
14 working capital or the acquisition of  
15 material, supplies, or equipment.”.

16 (b) **ESTABLISHMENT.**—Section 7(m)(1)(B) of the  
17 Small Business Act is amended by striking out “direct  
18 loans” in clause (i), and inserting in lieu thereof the fol-  
19 lowing: “loans (either directly or through agreements to  
20 participate on a guaranteed basis)”;

21 (c) **ELIGIBILITY FOR PARTICIPATION.**—Section  
22 7(m)(2)(B) of the Small Business Act is amended—

23 (1) in subparagraph (A), by striking “(10)”  
24 and inserting in lieu thereof “(12)”; and

25 (2) in subparagraph (B), by striking the period  
26 at the end and inserting in lieu thereof the following:

1 “or has demonstrated to the satisfaction of the Ad-  
2 ministration a commitment to establish a micro-loan  
3 program that includes intensive marketing, manage-  
4 ment, and technical assistance to its borrowers.”.

5 (d) TERMS AND CONDITIONS.—Section 7(m)(3)(F)  
6 of the Small Business Act is amended by adding the fol-  
7 lowing new clause after clause (v):

8 “(vi) Notwithstanding any other re-  
9 quirement of this subparagraph, the Ad-  
10 ministration may provide such terms and  
11 conditions, including interest rate require-  
12 ments and percentage of guarantee but not  
13 less than 90 percent, as it deems appro-  
14 priate for purposes of making loan guaran-  
15 tees under this subsection.”.

16 (e) PORTFOLIO REQUIREMENT.—Section 7(m)(6)(B)  
17 of the Small Business Act is amended by inserting after  
18 “practicable” the following: “and except as provided by  
19 the Administration with regard to loan guarantees made  
20 under this subsection”.

21 (f) MODEL PROGRAM TO ESTABLISH A SECONDARY  
22 MARKET FOR GUARANTEED LOANS.—Section 7(m) of the  
23 Small Business Act is amended by redesignating para-  
24 graphs (10) and (11) as paragraphs (11) and (12), respec-

1 tively, and inserting after paragraph (9) the following new  
2 paragraph (10):

3           “(10) Model Program for Establishing a Sec-  
4           ondary Market for Guaranteed Loans.—The Admin-  
5           istration is authorized to establish a model program  
6           to determine the feasibility of developing a private  
7           secondary market for loans guaranteed under this  
8           subsection (including the guaranteeing of locally  
9           originated loan pools) to enhance the availability of  
10          credit to small business concerns for working capital  
11          or the acquisition of material, supplies, or equip-  
12          ment.”.

13          (g) REPORT TO CONGRESS.—Section 7(m)(11) of the  
14 Small Business Act (as redesignated by this section) is  
15 amended—

16           (1) in subparagraph (F), striking “and” after  
17          the semicolon; and

18           (2) redesignating subparagraph (G) as subpara-  
19          graph (H), and inserting after subparagraph (F) the  
20          following new subparagraph (G):

21           “(G) a description of the loan guarantee  
22          program, including the extent to which credit  
23          may be made available to small businesses  
24          through a private secondary market for small  
25          business loan guarantees and the cost to the

1 Federal Government for making such guaran-  
2 tees available; and”.

3 (h) DEFINITIONS.—Section 7(m)(12) of the Small  
4 Business Act (as redesignated by this section) is amend-  
5 ed—

6 (1) in clause (iii), by striking “or” after the  
7 semicolon;

8 (2) by inserting after clause (iv), the following:

9 “(v) any insured depository institu-  
10 tion, as such term is defined in section  
11 3(c)(2) of the Federal Deposit Insurance  
12 Act;

13 “(vi) any insured credit union, as  
14 such term is defined in section 101(7) of  
15 the Federal Credit Union Act; or

16 “(vii) any community development or-  
17 ganization as such term is described in sec-  
18 tion 234 of the Bank Enterprise Act of  
19 1991.”.

## 20 **TITLE III—CREDIT UNION** 21 **AMENDMENTS**

### 22 **SEC. 301. COMMUNITY DEVELOPMENT CREDIT UNIONS.**

23 (a) Section 101(5) of the Federal Credit Union Act  
24 (12 U.S.C. 1752(5)) is amended by striking “in the case  
25 of a credit union serving predominantly low-income mem-

1 bers (as defined by the Board)” and inserting “in the case  
2 of a community development credit union as defined in  
3 subsection (10)”.

4 (b) Section 101 of the Federal Credit Union Act (12  
5 U.S.C. 1752) is amended by adding at the end the follow-  
6 ing:

7 “(10) In determining whether a State or feder-  
8 ally chartered credit union is a ‘community develop-  
9 ment credit union’, the Board may consider whether  
10 the institution—

11 “(A) serves predominantly members whose  
12 median household incomes are below 80 percent  
13 of the national median, or who make less than  
14 80 percent of the average for all wage earners  
15 as established by the Bureau of Labor Statis-  
16 tics; or

17 “(B) serves predominately low- and mod-  
18 erate-income minorities.”.

19 **SEC. 302. COMMUNITY DEVELOPMENT REVOLVING LOAN**  
20 **FUND AND TECHNICAL ASSISTANCE.**

21 (a) Section 120(k) of the Federal Credit Union Act  
22 (12 U.S.C. 1766(k)) is deleted.

23 (b) The Federal Credit Union Act is amended by in-  
24 serting after section 129 (12 U.S.C. 1772c) the following  
25 new section:

1 **“SECTION 130. COMMUNITY DEVELOPMENT REVOLVING**  
2 **LOAN FUND FOR CREDIT UNIONS.**

3 “(a) Notwithstanding any other provision of law, the  
4 Board may exercise the authority granted it by the Com-  
5 munity Development Credit Union Revolving Loan Fund  
6 Transfer Act (Public Law 99–609, section 1, November  
7 6, 1986) including any additional appropriation made and  
8 earnings accrued, subject only to this section and to rules  
9 and regulations prescribed by the Board.

10 “(b) The Board has the authority to invest any idle  
11 Fund monies in United States Treasury securities. Any  
12 interest accrued on such securities shall become a part of  
13 the fund.

14 “(c) The Board may require that any loans it makes  
15 from the Fund be matched by increased shares in the bor-  
16 rower credit union.

17 “(d) Interest earned by the Fund may be allocated  
18 by the Board for technical assistance to community devel-  
19 opment credit unions, as defined by the Board subject to  
20 section 101(10) of the Act.”.

21 **TITLE IV—BANK ENTERPRISE**  
22 **ACT ENHANCEMENTS**

23 **SEC. 401. CREDITS FOR NEWLY CHARTERED COMMUNITY**  
24 **DEVELOPMENT BANKS.**

25 (a) Section 233(a) of the Bank Enterprise Act of  
26 1991 (12 U.S.C. 1834a(a)) is amended by redesignating

1 paragraphs (3), (4), (5) and (6) as paragraphs (4), (5),  
2 (6), and (7) and by inserting after paragraph (2) the fol-  
3 lowing:

4 “(3) NEWLY CHARTERED COMMUNITY DEVEL-  
5 OPMENT BANKS.—Notwithstanding paragraph (2),  
6 any insured depository institution chartered as a  
7 community development bank in accordance with the  
8 requirements of section 234(b) of this Act shall be  
9 eligible for any community enterprise assessment  
10 credit for any semiannual period during the first  
11 three years following the approval of the initial char-  
12 ter of such insured depository institution by the ap-  
13 propriate Federal banking agency or State super-  
14 visor.”.

15 (b) CONFORMING AMENDMENT.—Section  
16 233(a)(1)(B) of the Bank Enterprise Act of 1991 (12  
17 U.S.C. 1834a(a)(1)(B)) is amended by striking “para-  
18 graph (3)” and inserting “paragraph (4)”.

19 **SEC. 402. FINANCIAL SERVICES FOR DISTRESSED COMMU-**  
20 **NITIES.**

21 (a) BANK ENTERPRISE ACT.—The Bank Enterprise  
22 Act of 1991 is amended by inserting at the end the follow-  
23 ing new section:



1 **“SEC. 235. FINANCIAL SERVICES FOR DISTRESSED COMMU-**  
2 **NITIES.**

3 “(a) DISTRESSED COMMUNITIES LACKING INSUR-  
4 ANCE SERVICES.—

5 “(1) IN GENERAL.—With the approval of the  
6 appropriate Federal banking agency and notwith-  
7 standing any provision of the law of any State to the  
8 contrary, any insured depository institution which is  
9 located in (or maintains a full service branch located  
10 in) a qualified distressed community may sell prop-  
11 erty and casualty insurance, as agent or broker, to  
12 the extent—

13 “(A) the insurance activities are confined  
14 to that community; and

15 “(B) the insurance is sold only to residents  
16 of the community or individuals employed with-  
17 in such community.

18 “(2) CERTAIN ACTIVITIES PROHIBITED IN CON-  
19 NECTION WITH INSURANCE ACTIVITIES.—No insured  
20 depository institution which sells insurance pursuant  
21 to paragraph (1) may—

22 “(A) assume or guarantee the payment of  
23 any premium on any insurance policy issued  
24 through the agency of the institution by the in-  
25 surance company for which the institution is  
26 acting as agent; or

1           “(B) guarantee the truth of any statement  
2           made by an insurance customer in filing such  
3           customer’s application for insurance.

4           “(3) SHOWING OF UNAVAILABILITY OF INSUR-  
5           ANCE SERVICES.—The appropriate Federal banking  
6           agency may approve an application by an insured  
7           depository institution to sell insurance under para-  
8           graph (1) in any qualified distressed community only  
9           if the institution provides sufficient evidence that the  
10          availability of insurance agents providing competi-  
11          tively-priced products in the community is inad-  
12          equate.

13          “(4) DEFINITIONS.—For purposes of this sub-  
14          section—

15                 “(A) APPROPRIATE FEDERAL BANKING  
16                 AGENCY.—The term ‘appropriate Federal bank-  
17                 ing agency’ has the meaning given to such term  
18                 in section 3(q) of the Federal Deposit Insur-  
19                 ance Act.

20                 “(B) QUALIFIED DISTRESSED COMMU-  
21                 NITY.—The term ‘qualified distressed commu-  
22                 nity’ has the meaning given to such term in sec-  
23                 tion 233(b).”.

24          (b) BANK ELIGIBLE SECURITIES.—The clause des-  
25          ignated the “Seventh” of section 5136 of the Revised Stat-

1 utes (12 U.S.C. 24) is amended by adding at the end the  
2 following new sentence: “Subject to the approval of the  
3 appropriate Federal banking agency (as defined in section  
4 3(q) of the Federal Deposit Insurance Act (12 U.S.C.  
5 1813(q)), and to such limits as may be prescribed by regu-  
6 lation, any well capitalized national bank which is located  
7 in (or maintains a full service branch located in) a quali-  
8 fied distressed community (as defined in section 233(b)  
9 of the Bank Enterprise Act of 1991) may purchase for  
10 its own account, deal in, or underwrite securities issued  
11 by any small business located in such community.”.

12 (c) SAVINGS ASSOCIATIONS.—Section 5(c)(1) of the  
13 Home Owners’ Loan Act (12 U.S.C. 1464(c)(1)) (as pre-  
14 viously amended herein) is amended by inserting at the  
15 end the following:

16 “(T) THRIFT ELIGIBLE SECURITIES.—  
17 Subject to the approval of the Director and to  
18 such limits as may be prescribed by regulation,  
19 any well capitalized savings association which is  
20 located in (or maintains a full service branch lo-  
21 cated in) a qualified distressed community (as  
22 defined in section 233(b) of the Bank Enter-  
23 prise Act of 1991) may purchase for its own ac-  
24 count, deal in, or underwrite securities issued

1 by any small business located in such commu-  
2 nity.”

3 **SEC. 403. BANK ENTERPRISE ACT ENHANCEMENTS.**

4 (a) QUALIFIED DISTRESSED COMMUNITIES.—Sec-  
5 tion 233(b)(1)(B) of the Bank Enterprise Act of 1991 is  
6 amended to read as follows:

7 “(B) is designated as a distressed commu-  
8 nity by the Board or by any insured depository  
9 institution in accordance with paragraph (2)  
10 and any designation by an insured depository  
11 institution is not disapproved by the appro-  
12 priate federal banking agency under such para-  
13 graph.”.

14 (b) RURAL DISTRESSED AREAS.—Section 233(b) of  
15 the Bank Enterprise Act of 1991 is amended by inserting  
16 at the end the following:

17 “(5) QUALIFIED DISTRESSED RURAL AREAS.—

18 “(A) IN GENERAL.—Notwithstanding  
19 paragraph (4), the Board shall establish inde-  
20 pendent criteria for a distressed rural area to  
21 be eligible as a ‘qualified distressed community’  
22 under this subsection.

23 “(B) FACTORS.—In establishing the cri-  
24 teria for a distressed rural area to be eligible as  
25 a ‘qualified distressed community’ under this

1 subsection, the Board shall consider, but not be  
2 limited to, the following factors:

3 “(i) Population (as determined by the  
4 most recent; census data available);

5 “(ii) State of distress;

6 “(iii) Size;

7 “(iv) Unemployment rate;

8 “(v) Poverty rate;

9 “(vi) Job loss; and

10 “(vii) Out-migration.”.

11 (c) EXPANDED QUALIFIED LOANS AND FINANCIAL  
12 ASSISTANCE.—Section 233(a)(4) of the Bank Enterprise  
13 Act of 1991 is amended by inserting at the end the follow-  
14 ing:

15 “(L) Extensions of credit to small busi-  
16 nesses located within a qualified distressed com-  
17 munity.

18 “(M) Consumer education programs either  
19 sponsored or offered by insured depository in-  
20 stitutions that provide assistance to residents of  
21 qualified distressed communities in managing  
22 their personal finances.

23 “(N) Technical assistance and consulting  
24 services to newly formed small businesses lo-  
25 cated in qualified distressed communities.”.

1           “(O) Technical assistance to, or servicing  
2           the loans of, low- or moderate-income home-  
3           owners, and homeowners located in qualified  
4           distressed communities.

5           (d) PRIORITY OF FUNDING.—Section 233 of the  
6 Bank Enterprise Act of 1991 is amended by redesignating  
7 subsection (g) as subsection (h) and inserting after sub-  
8 section (f) the following:

9           “(g) PRIORITY OF FUNDING.—In allocating funds for  
10 the implementation of this section, the Board shall grant  
11 a priority to qualified distressed communities designated  
12 by the Board pursuant to section 233(b)(1)(B) and no less  
13 than 25 percent of the funds authorized and appropriated  
14 for the implementation of this section shall be allocated  
15 by the Board to distressed rural areas that are determined  
16 to be qualified distressed communities pursuant to section  
17 233(b)(5).”.

18           (e) COMMUNITY DEVELOPMENT ORGANIZATIONS.—  
19 Section 234(e) of the Bank Enterprise Act of 1991 is  
20 amended by striking “institution,” and inserting “institu-  
21 tion, non-profit micro-loan lending organization licensed  
22 by the Small Business Administration, Small Business  
23 Association certified development company,”.

1                   **TITLE V—CONSUMER**  
2                   **EDUCATION**

3 **SEC. 501. CONSUMER EDUCATION PROGRAMS.**

4           (a) **IN GENERAL.**—The appropriate Federal banking  
5 agencies (as defined in section 3(q) of the Federal Deposit  
6 Insurance Act) shall, to the extent practicable, encourage  
7 insured depository institutions to offer or sponsor edu-  
8 cational services for consumers residing in qualified dis-  
9 tressed communities (as defined in section 233(b) of the  
10 Bank Enterprise Act of 1991) located in the service area  
11 of such institutions, relating to the financial products and  
12 services offered by the institution.

13           (b) **EDUCATIONAL SERVICES.**—The educational serv-  
14 ices sponsored or offered by insured depository institutions  
15 as described in subsection (a) shall, to the extent prac-  
16 ticable, include a course in personal finance designed for  
17 persons in a qualified distressed community and such  
18 course may include information related to the following:

19                   (1) Consumer credit laws and consumer rights  
20                   and obligations;

21                   (2) The credit process and how to obtain a  
22                   loan;

23                   (3) The meaning and significance of entries on  
24                   a consumer report (as defined in section 603(d) of  
25                   the Fair Credit Reporting Act);

1 (4) Basic banking and personal finances; and

2 (5) Development of an individual financial plan  
3 and budget.

4 **SECTION 502. CREDIT REPORTS.**

5 (a) INSURED DEPOSITORY INSTITUTIONS.—Any in-  
6 sured depository institution that sponsors or offers a  
7 course for consumers residing in a qualified distressed  
8 community as described in section 501(b) of the Commu-  
9 nity Development Banking Act of 1993 may, in its discre-  
10 tion and to the extent practicable, report the names of  
11 any consumer who complete such course to any consumer  
12 reporting agency (as defined in section 603(f) of the Fair  
13 Credit Reporting Act) to which the institution regularly  
14 reports credit information on consumers.

15 (b) CONSUMER REPORTING AGENCIES.—Any  
16 consumer report furnished by a consumer reporting agen-  
17 cy on any consumer residing in a qualified distressed com-  
18 munity who has completed an educational course spon-  
19 sored or offered by an insured depository institution as  
20 described in section 501(b) of the Community Develop-  
21 ment Banking Act of 1993 may, to the extent practicable,  
22 include an indication of the completion of such course if  
23 the consumer reporting agency has received notice of the  
24 course completion from the institution.



**1 SECTION 503. CREDIT CARDS.**

2 Insured depository institutions are encouraged to  
3 sponsor or offer courses for consumers residing in quali-  
4 fied distressed communities as described in section 501(b)  
5 of the Community Development Banking Act of 1993, and  
6 at their discretion and to the extent practicable, offer  
7 consumer financial services otherwise available at such in-  
8 stitution, including consumer credit card services, to such  
9 consumers who complete such course and qualify for such  
10 financial services.

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