

103D CONGRESS
1ST SESSION

S. 1275

To facilitate the establishment of community development financial institutions.

IN THE SENATE OF THE UNITED STATES

JULY 21 (legislative day, JUNE 30), 1993

Mr. RIEGLE (for himself, Mr. SARBANES, Mr. DODD, Mr. KERRY, Mrs. BOXER, Mr. CAMPBELL, Ms. MOSELEY-BRAUN, and Mr. BRADLEY) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To facilitate the establishment of community development financial institutions.

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 Develop-
5 ment Banking and Financial Institutions Act of 1993”.

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

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

8 (1) many of the Nation’s urban and rural com-
9 munities and Indian reservations face critical social

1 and economic problems arising in part from the lack
2 of economic growth, people living in poverty, and the
3 lack of employment and other opportunities;

4 (2) the restoration and maintenance of the
5 economies of these communities will require coordi-
6 nated development strategies, intensive supportive
7 services, and increased access to capital and credit
8 for development activities, including investment in
9 businesses, housing, commercial real estate, human
10 development, and other activities that promote the
11 long-term economic and social viability of the com-
12 munity;

13 (3) in many urban and rural communities, low-
14 and moderate-income neighborhoods, and Indian res-
15 ervations, there is a shortage of capital and credit
16 for business and affordable housing;

17 (4) access to capital and credit is essential to
18 unleash the untapped entrepreneurial energy of
19 America's poorest communities and to empower indi-
20 viduals and communities to become self-sufficient;
21 and

22 (5) community development financial institu-
23 tions have proven their ability to identify and re-
24 spond to community needs for capital, credit, and

1 development services in the absence of, or as a com-
2 plement to, services provided by other lenders.

3 (b) PURPOSE.—The purpose of this Act is to create
4 a Community Development Banking and Financial Insti-
5 tutions Fund that will support a program of investment
6 in and assistance to community development financial in-
7 stitutions. The Community Development Banking and Fi-
8 nancial Institutions Fund will provide financial and tech-
9 nical assistance, including training, to community develop-
10 ment financial institutions, serve as a national information
11 clearinghouse, and be an institutional voice for community
12 development. The community development financial insti-
13 tutions that the Community Development Banking and
14 Financial Institutions Fund supports will provide capital,
15 credit, and development services to targeted investment
16 areas or populations, and will promote economic revitaliza-
17 tion and community development.

18 **SEC. 3. DEFINITIONS.**

19 (a) APPROPRIATE FEDERAL BANKING AGENCY.—
20 The term “appropriate Federal banking agency” has the
21 same meaning given such term in section 3(q) of the Fed-
22 eral Deposit Insurance Act (12 U.S.C. 1813(q)).

23 (b) COMMUNITY DEVELOPMENT FINANCIAL INSTI-
24 TUTION.—The term “community development financial in-
25 stitution” means any bank, savings association, depository

1 institution holding company, credit union, micro-enter-
2 prise loan fund, community development corporation, com-
3 munity development revolving loan fund, minority-owned
4 or other insured depository institution, or non-depository
5 organization that—

6 (1) has as its primary mission the promotion of
7 community development through the provision of
8 capital, credit, or development services in its invest-
9 ment areas or to targeted populations; and

10 (2) encourages, through representation on its
11 governing board or otherwise, the input of residents
12 in the investment area or the targeted populations.

13 A depository institution holding company may qualify as
14 a community development financial institution only if the
15 holding company and its subsidiaries collectively satisfy
16 the requirements of paragraphs (1) and (2). No subsidiary
17 of a depository institution holding company may qualify
18 as a community development financial institution if the
19 holding company and its subsidiaries collectively do not
20 meet the requirements of paragraphs (1) and (2). The
21 term “community development financial institution” does
22 not include an agency or instrumentality of the United
23 States or an agency or instrumentality of any State or
24 political subdivision thereof.

1 (c) DEPOSITORY INSTITUTION HOLDING COM-
2 PANY.—The term “depository institution holding com-
3 pany” has the same meaning given such term in section
4 3(w) of the Federal Deposit Insurance Act (12 U.S.C.
5 1813(w)).

6 (d) DEVELOPMENT SERVICES.—The term “develop-
7 ment services” means activities conducted by a community
8 development financial institution that promote community
9 development by developing, supporting, and strengthening
10 the lending, investment, and capacity-building activities
11 undertaken by institutions, including, but not limited to—

- 12 (1) business planning services;
- 13 (2) financial and credit counseling services;
- 14 (3) marketing and management assistance; and
- 15 (4) administrative activities associated with
16 lending or investment.

17 (e) INSURED COMMUNITY DEVELOPMENT FINANCIAL
18 INSTITUTION.—The term “insured community develop-
19 ment financial institution” means any community develop-
20 ment financial institution that is an insured depository in-
21 stitution. The term also includes an insured credit union
22 which has been designated as low-income by the National
23 Credit Union Administration.

24 (f) INSURED CREDIT UNION.—The term “insured
25 credit union” has the same meaning given such term in

1 section 101(7) of the Federal Credit Union Act (12 U.S.C.
2 1752(7)).

3 (g) INSURED DEPOSITORY INSTITUTION.—The term
4 “insured depository institution” has the same meaning
5 given such term in section 3(c) of the Federal Deposit In-
6 surance Act (12 U.S.C. 1813(c)).

7 (h) INVESTMENT AREA.—The term “investment
8 area” means an identifiable community that—

9 (1) meets objective criteria of distress, including
10 the number of low-income families, the extent of
11 poverty, the extent of unemployment, the extent of
12 unmet credit needs, the degree of availability of
13 basic financial services, the degree of limited access
14 to capital and credit provided by existing financial
15 institutions, and other factors that the Fund deter-
16 mines to be appropriate; or

17 (2) is located in an empowerment zone or enter-
18 prise community designated under section 1391 of
19 the Internal Revenue Code of 1986.

20 (i) QUALIFIED COMMUNITY DEVELOPMENT FINAN-
21 CIAL INSTITUTION.—The term “qualified community de-
22 velopment financial institution” means a community devel-
23 opment financial institution that meets the requirements
24 of sections 5(b) (2) through (8) of this Act.

1 (j) TARGETED POPULATION.—The term “targeted
2 population” means an identifiable group of low-income or
3 disadvantaged persons that are underserved by existing fi-
4 nancial institutions.

5 **SEC. 4. ESTABLISHMENT OF NATIONAL FUND FOR COMMU-**
6 **NITY DEVELOPMENT BANKING.**

7 (a) IN GENERAL.—There is created and chartered a
8 body corporate to be known as the Community Develop-
9 ment Banking and Financial Institutions Fund (referred
10 to in this Act as the “Fund”) that shall have the powers
11 and responsibilities specified by this Act. The Fund shall
12 have succession until dissolved. The charter of the Fund
13 may be revised, amended, or modified by Congress at any
14 time. The offices of the Fund shall be in Washington, D.C.

15 (b) BOARD OF DIRECTORS.—

16 (1) IN GENERAL.—The powers and manage-
17 ment of the Fund shall be vested in a Board of Di-
18 rectors (referred to in this Act as the “Board”),
19 which shall have nine members.

20 (2) MEMBERS.—The members of the Board
21 shall consist of the following:

22 (A) The Secretary of Agriculture.

23 (B) The Secretary of Commerce.

24 (C) The Secretary of Housing and Urban
25 Development.

1 (D) The Secretary of the Treasury.

2 (E) The Administrator of the Small Busi-
3 ness Administration.

4 (F) Four private citizens, appointed by the
5 President with the advice and consent of the
6 Senate, that collectively—

7 (i) represent community groups whose
8 constituencies include low-income persons
9 or residents of investment areas,

10 (ii) have expertise in the operations
11 and activities of insured depository institu-
12 tions, and

13 (iii) have expertise in community de-
14 velopment and lending;

15 provided that there should not be less than one
16 member from each of the three categories de-
17 scribed in clauses (i) through (iii) of this sub-
18 paragraph.

19 (3) CHAIRPERSON.—The President shall ap-
20 point from among the members of the Board speci-
21 fied in paragraph (2)(F) a chairperson of the Board,
22 who shall serve at the pleasure of the President for
23 a term of two years.

24 (4) VICE-CHAIRPERSON.—The President shall
25 appoint from among the members specified in para-

1 graph (2) a vice-chairperson who will serve as chair-
2 person in the absence, disability, or recusal of the
3 chairperson. The vice-chairperson shall serve at the
4 pleasure of the President for a term of two years.

5 (5) TERMS OF APPOINTED MEMBERS.—

6 (A) IN GENERAL.—Each member ap-
7 pointed pursuant to paragraph (2)(F) shall
8 serve at the pleasure of the President for a
9 term of four years, except as provided in para-
10 graph (5)(C).

11 (B) VACANCIES.—Any member appointed
12 to fill a vacancy occurring prior to the expira-
13 tion of the term for which the previous member
14 was appointed shall be appointed for the re-
15 mainder of such term. Appointed members may
16 continue to serve following the expiration of
17 their terms until a successor is appointed and
18 qualified.

19 (C) TERMS.—The terms of the initial ap-
20 pointed members shall be for four years and
21 shall begin on the date each member is ap-
22 pointed, except that two of the members ini-
23 tially appointed pursuant to paragraph (2)(F)
24 shall be designated to serve at the pleasure of
25 the President for five years.

1 (6) ACTING OFFICIALS.—In the event of a va-
2 cancy or absence of the individual in any of the of-
3 fices described in paragraphs (2) (A) through (E),
4 the official acting in that office shall be a member
5 of the Board.

6 (7) AUTHORITY TO DELEGATE.—Each member
7 of the Board specified in paragraphs (2) (A)
8 through (E) may designate another official who has
9 been appointed by the President with the advice and
10 consent of the Senate within the same agency to
11 serve as a member in his or her stead.

12 (8) COMPENSATION.—Members of the Board
13 who are otherwise officers or employees of the Unit-
14 ed States shall serve without additional compensa-
15 tion for their duties as members, but shall be reim-
16 bursed by the Fund for travel, per diem, and other
17 necessary expenses incurred in the performance of
18 their duties, in accordance with sections 5702 and
19 5703 of title 5, United States Code. The appointed
20 members of the Board shall be entitled to receive
21 compensation at the daily equivalent of the rate for
22 a position under Level IV of the Executive Schedule
23 under section 5315 of title 5, United States Code,
24 and shall be reimbursed by the Fund for travel, per
25 diem, and other necessary expenses incurred in the

1 performance of their duties, in accordance with sec-
2 tions 5702 and 5703 of title 5, United States Code.

3 (9) MEETINGS.—The Board shall hold meetings
4 at least quarterly. Special meetings of the Board
5 may be called by the Chairperson or on the written
6 request of three members of the Board. A majority
7 of the members of the Board in office shall con-
8 stitute a quorum.

9 (c) OFFICERS AND EMPLOYEES.—The Board shall
10 appoint a Chief Executive Officer who will be responsible
11 for the management of the Fund and such other duties
12 deemed appropriate by the Board. The Board shall ap-
13 point a Chief Financial Officer who shall oversee all of
14 the financial management activities of the Fund. The
15 Board shall also appoint an Inspector General. The Board
16 may appoint such other officers and employees of the
17 Fund as the Board determines to be necessary or appro-
18 priate. The Chief Executive Officer, Chief Financial Offi-
19 cer, and up to 3 other officers of the Fund may be ap-
20 pointed without regard to the provisions of title 5 of the
21 United States Code governing appointments in the Fed-
22 eral service and compensated without regard to chapter
23 51 and subchapter III of chapter 53 of title 5 of the Unit-
24 ed States Code, except that the rate of pay for the Chief
25 Executive Officer shall not exceed the rate for a position

1 under Level II of the Executive Schedule under section
2 5313 of title 5 of the United States Code and the rate
3 of pay for the remaining four officers shall not exceed the
4 rate for a position under Level IV of the Executive Sched-
5 ule under section 5315 of title 5 of the United States
6 Code.

7 (d) GENERAL POWERS.—In carrying out its powers
8 and duties, the Fund—

9 (1) shall have all necessary and proper powers
10 to carry out its authority under this Act;

11 (2) may adopt, alter, and use a corporate seal,
12 which shall be judicially noticed;

13 (3) may sue and be sued in its corporate name
14 and complain and defend in any court of competent
15 jurisdiction;

16 (4) may adopt, amend, and repeal bylaws, rules,
17 and regulations governing the manner in which its
18 business may be conducted and shall have power to
19 make such rules and regulations as may be nec-
20 essary or appropriate to implement the provisions of
21 this Act;

22 (5) may enter into and perform such agree-
23 ments, contracts, and transactions as may be
24 deemed necessary or appropriate to the conduct of
25 activities authorized under this Act;

1 (6) may determine the character of and neces-
2 sity for its expenditures and the manner in which
3 they shall be incurred, allowed, and paid;

4 (7) may utilize or employ the services of person-
5 nel of any agency or instrumentality of the United
6 States with the consent of the agency or instrumen-
7 tality concerned on a reimbursable or non reimburs-
8 able basis; and

9 (8) may execute all instruments necessary or
10 appropriate in the exercise of any of its functions
11 under this Act and may delegate to members of the
12 Board, the Chief Executive Officer, or the officers of
13 the Fund such of its powers and responsibilities as
14 it deems necessary or appropriate for the adminis-
15 tration of the Fund.

16 (e) WHOLLY-OWNED GOVERNMENT CORPORA-
17 TION.—

18 (1) The Fund shall be a wholly-owned Govern-
19 ment corporation in the Executive branch and shall
20 be treated in all respects as an agency of the United
21 States, except to the extent this Act provides other-
22 wise.

23 (2) Section 9101(3) of title 31, United States
24 Code (the Government Corporation Control Act), is
25 amended—

1 (A) by redesignating paragraphs (B)
2 through (M) as paragraphs (C) through (N),
3 respectively; and

4 (B) by inserting after paragraph (A) the
5 following:

6 “(B) the Community Development Banking and
7 Financial Institutions Fund.”; and

8 (3) Section 9107(b) of title 31, United States
9 Code (the Government Corporation Control Act),
10 shall not apply to deposits of the Fund made pursu-
11 ant to section 7 of this Act.

12 (f) LIMITATION OF FUND AND FEDERAL LIABIL-
13 ITY.—The liability of the Fund and of the United States
14 Government arising out of any investment in a community
15 development financial institution in accordance with this
16 Act shall be limited to the amount of the investment and
17 the Fund shall be exempt from any assessments and other
18 liabilities that may be imposed on controlling or principal
19 shareholders by any Federal law or the law of any State,
20 territory, or the District of Columbia. A community devel-
21 opment financial institution that receives assistance pur-
22 suant to this Act shall not be deemed to be an agency,
23 department, or instrumentality of the United States.

1 (g) PROHIBITION ON ISSUANCE OF SECURITIES.—
2 The Fund may not issue stock, bonds, debentures, notes,
3 or other securities.

4 **SEC. 5. APPLICATIONS FOR ASSISTANCE.**

5 (a) FORM AND PROCEDURES.—An application for as-
6 sistance under this Act shall be submitted by an applicant
7 in such form and in accordance with such procedures as
8 the Board shall establish. The Board shall publish regula-
9 tions with respect to application requirements and proce-
10 dures not later than 210 days after enactment of this Act.

11 (b) MINIMUM REQUIREMENTS.—The Board shall re-
12 quire that the application—

13 (1) demonstrate to the satisfaction of the Board
14 that the applicant is, or upon the receipt of a char-
15 ter will be, a community development financial insti-
16 tution as defined in section 3(a) of this Act;

17 (2) demonstrate that the applicant will serve—

18 (A) a targeted population; or

19 (B) an area which is an investment area;

20 (3) in the case of an applicant that has pre-
21 viously received assistance under this Act, dem-
22 onstrate that the applicant—

23 (A) has successfully carried out its respon-
24 sibilities under this Act;

1 (B) has become or is about to become an
2 entity that will not be dependent upon assist-
3 ance from the Fund for continued viability; and

4 (C) will expand its operations into a new
5 investment area, offer new services, or will in-
6 crease the volume of its current business;

7 (4) in the case of a community development fi-
8 nancial institution with existing operations, dem-
9 onstrate a record of success of serving investment
10 areas or targeted populations;

11 (5) include a detailed and comprehensive strate-
12 gic plan for the organization that contains—

13 (A) a business plan of at least five years
14 that demonstrates the applicant is properly
15 managed and has the capacity to form and op-
16 erate a community development financial insti-
17 tution that is, or will become, an entity that will
18 not be dependent upon assistance from the
19 Fund for continued viability;

20 (B) a statement that the applicant has, or
21 will have, in its charter or other governing doc-
22 uments a primary commitment to community
23 development, or other evidence of a prior his-
24 tory and a continuing affirmation of a primary
25 commitment of community development;

1 (C) an analysis of the needs of the invest-
2 ment area or targeted populations and a strat-
3 egy for how the applicant will attempt to meet
4 those needs;

5 (D) a plan to coordinate use of assistance
6 from the Fund with existing Federal, govern-
7 ment-sponsored enterprise, and State and local
8 assistance programs, and private sector finan-
9 cial services;

10 (E) a statement that the proposed activi-
11 ties of the applicant are consistent with existing
12 economic, community and housing development
13 plans adopted by or applicable to the invest-
14 ment area;

15 (F) a description of how the applicant will
16 affiliate, network, or otherwise coordinate with
17 a full range of community organizations and fi-
18 nancial institutions which provide, or will pro-
19 vide, capital, credit, or secondary markets in
20 order to assure that banking, economic develop-
21 ment, investment, affordable housing, and other
22 related services will be available within the in-
23 vestment area or to targeted populations; and

1 (G) such other information as the Board
2 deems appropriate for inclusion in the strategic
3 plan;

4 (6) demonstrate that the applicant will carry on
5 its activities consistent with the purposes of this Act
6 within the investment area or with respect to a tar-
7 geted population;

8 (7) include a detailed and specific statement of
9 applicant's plans and likely sources of funds to
10 match the amount of assistance from the Fund with
11 funds from private sources in accordance with the
12 requirements of section 7(d) of this Act; and

13 (8) include such other information as the Board
14 may require.

15 (c) PRE-APPLICATION OUTREACH PROGRAM.—The
16 Fund shall provide for an outreach program to identify
17 and provide information to potential applicants and to in-
18 crease the capacity of potential applicants to meet the ap-
19 plication and other requirements of this Act.

20 **SEC. 6. SELECTION OF INSTITUTIONS.**

21 (a) SELECTION CRITERIA.—The Board shall, in its
22 discretion, select applications that meet the requirements
23 of section 5 of this Act and award assistance from the
24 Fund in accordance with section 7 of this Act. In selecting

1 applications, the Board shall consider applications based
2 on, but not limited to—

3 (1) the likelihood of success of the applicant in
4 forming and operating a community development fi-
5 nancial institution;

6 (2) the range and comprehensiveness of the
7 capital, credit, and development services to be pro-
8 vided by the applicant;

9 (3) the extent of the need, as measured by ob-
10 jective criteria of distress, within the investment
11 areas or targeted populations for the types of activi-
12 ties proposed by the applicant;

13 (4) the likelihood that the proposed activities
14 will benefit a significant portion of the investment
15 areas or targeted populations or, in the case of a
16 community development financial institution with ex-
17 isting operations, evidence of a record of success in
18 serving investment areas or targeted populations;

19 (5) the extent to which the applicant will con-
20 centrate its activities on serving low and very low-
21 income families;

22 (6) the evidence of the extent of a broad cross-
23 section of support from the investment areas or tar-
24 geted populations;

1 (7) the experience and background of the pro-
2 posed management team;

3 (8) the amount of legally enforceable commit-
4 ments available at the time of application to meet or
5 exceed the matching requirements under section 7(d)
6 of this Act and the strength of the plan for raising
7 the balance of the match;

8 (9) in the case of applicants that have pre-
9 viously received assistance pursuant to this Act, the
10 extent to which they have met or exceeded their per-
11 formance goals;

12 (10) the extent to which the proposed activities
13 will expand the employment base within the invest-
14 ment areas or the targeted populations;

15 (11) the extent to which the applicant is, or will
16 be, community-owned or community-governed;

17 (12) whether the applicant is, or will become,
18 an insured community development financial institu-
19 tion;

20 (13) whether the applicant is, or will be located,
21 in an empowerment zone or enterprise community
22 designated under section 1391 of the Internal Reve-
23 nue Code of 1986;

24 (14) in the case of an institution that is not an
25 insured community development financial institution,

1 the extent to which the institution has or will have
2 the ability to increase its resources through affili-
3 ation with a secondary market, insured depository
4 institution, or other financial intermediary in order
5 to multiply the amount of capital or credit available
6 for community development;

7 (15) in the case of an insured depository insti-
8 tution or insured credit union applicant, whether the
9 institution—

10 (A) has or will have a substantial affili-
11 ation with an entity or network of entities that
12 are community development financial institu-
13 tions; and

14 (B) has a comprehensive plan for providing
15 meaningful financial assistance to such an en-
16 tity or network of entities; and

17 (16) other factors deemed appropriate by the
18 Board.

19 (b) GEOGRAPHIC DIVERSITY.—In addition to the
20 above, in making its selections, the Board shall seek to
21 fund a geographically diverse group of applicants, which
22 shall include applicants from nonmetropolitan and rural
23 areas.

24 (c) PUBLICATION REQUIREMENT.—The Board shall
25 publish regulations with respect to its selection criteria not

1 later than 210 days after the date of enactment of this
2 Act.

3 **SEC. 7. ASSISTANCE PROVIDED BY THE FUND.**

4 (a) PURPOSE OF ASSISTANCE.—

5 (1) The Fund shall work to promote an envi-
6 ronment hospitable to business formation, economic
7 growth, community development, and affordable
8 housing in distressed communities. The Fund shall
9 coordinate its activities with existing Federal and
10 other community and economic development pro-
11 grams.

12 (2) Assistance may be provided to an existing
13 qualified community development financial institu-
14 tion to expand its activities to serve investment
15 areas or targeted populations not currently served by
16 another qualified community development financial
17 institution receiving assistance under this section or
18 to expand the volume of its activities consistent with
19 the purposes of this Act, or to form a new entity to
20 undertake activities consistent with the purposes of
21 this Act, or to assist an existing entity to modify its
22 structure or activities in order to undertake activi-
23 ties consistent with the purposes of this Act.

24 (b) TYPES OF ASSISTANCE.—

1 (1) IN GENERAL.—The Fund may provide fi-
2 nancial assistance to qualified community develop-
3 ment financial institutions through equity invest-
4 ments, loans, deposits, membership shares, and
5 grants. The Fund may also provide technical assist-
6 ance, including training, and grants for technical as-
7 sistance to qualified community development finan-
8 cial institutions. The allocation of awards of assist-
9 ance between insured and uninsured community de-
10 velopment financial institutions shall be in the dis-
11 cretion of the Board, provided that due consider-
12 ation shall be given to the allocation of funds to in-
13 sured community development financial institutions.

14 (2) FINANCIAL ASSISTANCE.—The fund shall
15 structure financial assistance to a qualified commu-
16 nity development financial institution in such a man-
17 ner that it does not own more than 50 percent of
18 the equity of such institution and does not control
19 the operations of such institution. The Fund will not
20 be deemed to control such institution for the pur-
21 poses of applicable laws. With respect to equity in-
22 vestments, the Fund shall hold only transferable,
23 nonvoting investments. Such equity investments may
24 provide for convertibility to voting stock upon trans-
25 fer by the Fund.

1 (3) DEPOSITS.—Notwithstanding any other
2 provision of law, deposits made pursuant to this sec-
3 tion in qualified insured community development fi-
4 nancial institutions shall not be subject to any re-
5 quirement for collateral or security.

6 (4) LIMITATIONS ON OBLIGATIONS.—Direct
7 loan obligations may be incurred only to the extent
8 that appropriations of budget authority to cover
9 their costs, as defined in section 502 of the Congres-
10 sional Budget Act of 1974, are made in advance.

11 (c) PURPOSE OF FINANCIAL ASSISTANCE.—Financial
12 assistance made available under this Act may be used by
13 assisted institutions to develop or support—

14 (1) commercial facilities that enhance revitaliza-
15 tion, community stability, or job creation and reten-
16 tion efforts;

17 (2) business creation and expansion efforts
18 that—

19 (A) create or retain jobs for low-income
20 people;

21 (B) enhance the availability of products
22 and services to low-income people; or

23 (C) create or retain businesses owned by
24 low-income people or residents of a targeted
25 area;

1 (3) community facilities that provide benefits to
2 low-income people or enhance community stability;

3 (4) the provision of basic financial services to
4 low-income people or residents of a targeted area;

5 (5) the provision of development services;

6 (6) home ownership opportunities that are af-
7 fordable to low-income households;

8 (7) rental housing that is principally affordable
9 to low-income households; and

10 (8) other activities deemed appropriate by the
11 Fund.

12 (d) AMOUNT OF ASSISTANCE.—The Fund may pro-
13 vide up to \$5,000,000 of assistance per application to any
14 one qualified insured community development financial in-
15 stitution and up to \$2,000,000 per application to any
16 other qualified community development financial institu-
17 tion. The Fund shall have the authority to set minimum
18 amounts of assistance per institution.

19 (e) MATCHING REQUIREMENTS.—

20 (1) Assistance provided to qualified insured
21 community development financial institutions, other
22 than deposits or membership shares of \$100,000 or
23 less, technical assistance, or grants for technical as-
24 sistance, shall be matched by no less than one dollar
25 of equity, deposits or membership shares for each

1 dollar provided by the Fund. The Fund shall require
2 a match for all other assistance, the amount and
3 form of which shall be in the discretion of the Fund;
4 provided that, the Fund shall in no event require as-
5 sistance provided in the form of deposits or member-
6 ship shares of \$100,000 or less, technical assistance,
7 or grants for technical assistance to be matched.
8 The Fund shall provide no assistance except tech-
9 nical assistance or grants for technical assistance
10 until a qualified community development financial
11 institution has secured legally enforceable commit-
12 ments for the entire match required. Assistance may
13 be provided in one lump sum, or over a period of
14 time, as determined by the Fund.

15 (2) Assistance shall be matched with funds
16 from sources other than the Federal Government.

17 (f) TERMS AND CONDITIONS.—

18 (1) IN GENERAL.—The Fund shall provide as-
19 sistance authorized under this Act in such form and
20 subject to such restrictions as are necessary to en-
21 sure that to the maximum extent practicable—

22 (A) all assistance granted is used by the
23 qualified community development financial in-
24 stitution in a manner consistent with the pur-
25 poses of this Act;

1 (B) qualified community development fi-
2 nancial institutions receiving assistance that are
3 not otherwise regulated by the Federal govern-
4 ment or by a State government are financially
5 and managerially sound;

6 (C) assistance results in a net increase,
7 both nationally and in the local communities in
8 which assistance is provided, in capital, credit,
9 and development services; and

10 (D) assistance is provided in a manner
11 that encourages affiliations and partnerships
12 between insured depository institutions, second-
13 ary markets or other sources of credit or lever-
14 age and local organizations dedicated to com-
15 munity development.

16 (2) CONSULTATION WITH BANKING REGU-
17 LATORS.—Prior to providing assistance to a quali-
18 fied insured community development financial insti-
19 tution, the Board should consult with the appro-
20 priate Federal banking agency or, in the case of an
21 insured credit union, the National Credit Union Ad-
22 ministration.

23 (3) ASSISTANCE AGREEMENT.—

24 (A) The Board shall impose restrictions on
25 the use of assistance through a stock purchase

1 agreement, share purchase agreement, or
2 through a contract entered into in consideration
3 for the provision of assistance.

4 (B) Such agreement or contract shall re-
5 quire institutions assisted under this Act to
6 comply with performance goals. The perform-
7 ance goals shall be negotiated between the
8 Board and each qualified community develop-
9 ment financial institution receiving assistance
10 based upon the strategic plan submitted pursu-
11 ant to section 5(b)(5) of this Act. The perform-
12 ance goals may be renegotiated jointly as nec-
13 essary or appropriate, subject to subparagraph
14 (C) of this section. Activity levels for insured
15 community development financial institutions
16 should be determined by the Board in consulta-
17 tion with the appropriate Federal banking agen-
18 cy or, in the case of an insured credit union,
19 with the National Credit Union Administration.

20 (C) The agreement or contract shall speci-
21 fy sanctions available to the Board, in its dis-
22 cretion, in the event of noncompliance with the
23 purposes of this Act or the terms of the agree-
24 ment. The sanctions may include revocation of
25 approval of the application, terminating or re-

1 ducing future assistance, requiring repayment
2 of assistance, and requiring changes to the per-
3 formance goals imposed pursuant to subpara-
4 graph (B) or to the strategic plan submitted
5 pursuant to section 5(b)(5) of this Act. In the
6 case of an insured community development fi-
7 nancial institution, the Board shall consult with
8 the appropriate Federal banking agency or, in
9 the case of an insured credit union, the Na-
10 tional Credit Union Administration, before im-
11 posing sanctions pursuant to this paragraph.

12 (4) REVIEW.—At least annually, the Board
13 shall review the performance of each assisted quali-
14 fied community development financial institution in
15 carrying out its strategic plan and performance
16 goals.

17 (5) REPORTING.—The Board shall require each
18 qualified community development financial institu-
19 tion receiving assistance to submit an annual report
20 to the Fund on its activities, its financial condition,
21 its success in meeting performance goals, and its
22 compliance with other requirements of this Act.

23 (g) AUTHORITY TO SELL EQUITY INVESTMENT AND
24 LOANS.—The Board shall have the authority at any time
25 to sell its investments and loans and may, in its discretion,

1 retain the power to enforce limitations on assistance en-
2 tered into in accordance with the requirements of this Act.

3 (h) NO AUTHORITY TO LIMIT SUPERVISION AND
4 REGULATION.—Nothing in this Act shall affect any au-
5 thority of the appropriate Federal banking agency or, in
6 the case of an insured credit union, the National Credit
7 Union Administration, to supervise and regulate an in-
8 sured community development financial institution.

9 **SEC. 8. ENCOURAGEMENT OF PRIVATE ENTITIES.**

10 The Board may cause to be incorporated, or encour-
11 age the incorporation of, private non-profit and for-profit
12 entities that will complement the activities of the Fund
13 in carrying out the purposes of this Act. The purposes
14 of any such entities shall be limited to investing in and
15 assisting community development financial institutions in
16 a manner similar to the activities of the Fund under this
17 Act. Any such entities shall be managed exclusively by pri-
18 vate individuals who are selected in accordance with the
19 laws of the jurisdiction of incorporation.

20 **SEC. 9. CLEARINGHOUSE FUNCTION.**

21 The Fund shall establish and maintain an informa-
22 tion clearinghouse in coordination with the Departments
23 of Agriculture, Commerce, and Housing and Urban Devel-
24 opment, the Small Business Administration, other Federal

1 agencies, and community development financial institu-
2 tions—

3 (1) to cause to be collected, compiled, and ana-
4 lyzed information pertinent to community develop-
5 ment financial institutions that will assist in creat-
6 ing, developing, expanding, and preserving these in-
7 stitutions; and

8 (2) to cause to be established a service center
9 for comprehensive information on financial, tech-
10 nical, and management assistance, case studies of
11 the activities of community development financial in-
12 stitutions, regulations, and other information that
13 may promote the purposes of this Act.

14 **SEC. 10. RECORDKEEPING, REPORTS, AND AUDITS.**

15 (a) RECORDKEEPING.—

16 (1) A qualified community development finan-
17 cial institution receiving assistance from the Fund
18 shall keep such records as may be reasonably nec-
19 essary to disclose the disposition of any assistance
20 under this Act and to ensure compliance with the re-
21 quirements of this Act.

22 (2) The Fund shall have access, for the purpose
23 of determining compliance with this Act, to any
24 books, documents, papers, and records of a qualified
25 community development financial institution receiv-

1 ing assistance from the Fund that are pertinent to
2 assistance received under this Act.

3 (b) REPORTS.—

4 (1) ANNUAL REPORT.—The Fund shall conduct
5 an annual evaluation of the activities carried out
6 pursuant to this Act and shall submit a report of its
7 findings to the President within 120 days of the end
8 of each fiscal year of the Fund. The report shall in-
9 clude financial statements audited in accordance
10 with subsection (c).

11 (2) INSTITUTIONAL VOICE FOR COMMUNITY DE-
12 VELOPMENT.—

13 (A) ONGOING STUDY.—The Fund shall
14 conduct, or cause to be conducted, an ongoing
15 study to identify and evaluate the most effective
16 and financially sound policies and practices for
17 encouraging investment in distressed commu-
18 nities, including small business and commercial
19 lending, business formation and expansion,
20 community and economic development, commer-
21 cial real estate and multi-family housing, and
22 home mortgages. In addition, the Fund may
23 study, or cause to be studied, related matters,
24 such as identification of sources of and access
25 to capital and loans for community investment;

1 development of secondary markets for economic
2 and community development, small business
3 and commercial loans, and home mortgage
4 loans and investments; and methods to involve
5 all segments of the financial services industry in
6 community development.

7 (B) CONSULTATION.—In the conduct of
8 the study, the Fund shall consult, or cause con-
9 sultation with, the Office of the Comptroller of
10 the Currency, the Federal Deposit Insurance
11 Corporation, the Board of Governors of the
12 Federal Reserve System, the Federal Housing
13 Finance Board, the Farm Credit Administra-
14 tion, the Office of Thrift Supervision, the Na-
15 tional Credit Union Administration, community
16 reinvestment, civil rights, consumer and finan-
17 cial organizations, and such representatives of
18 agencies or other persons as the Fund may de-
19 termine.

20 (C) REPORTS.—Within 270 days after the
21 date of enactment of this Act, the Fund shall
22 report to the President its initial findings and
23 recommendations regarding the matters set
24 forth in subparagraph (A). Thereafter, the
25 Fund shall report its findings and recommenda-

1 tions to the President with the annual report
2 required and recommendations to the President
3 with the annual report required by paragraph
4 (b)(1).

5 (3) INVESTMENT, GOVERNANCE, AND ROLE OF
6 FUND.—Six years following the date of enactment of
7 this Act, the Fund, in accordance with the proce-
8 dures described in paragraphs (2)(A) and (B), shall
9 conduct a study evaluating the structure, govern-
10 ance, and performance of the Fund. The study shall
11 be submitted to the President. Such study shall in-
12 clude an evaluation of the overall performance of the
13 Fund in meeting the purposes of this Act and any
14 recommendations of the Fund for restructuring the
15 Board, altering procedures under which the Fund is
16 governed, the future role of the Fund in addressing
17 community development, and the ability of the Fund
18 to become a private, self-sustaining entity capable of
19 fulfilling the purposes of this Act.

20 (c) EXAMINATION AND AUDIT.—The financial state-
21 ments of the Fund shall be audited in accordance with
22 section 9105 of title 31, United States Code, except that
23 audits required by section 9105(a) of that title shall be
24 performed annually.

1 **SEC. 11. INVESTMENT OF RECEIPTS AND PROCEEDS.**

2 Any dividends on equity investments and proceeds
3 from the disposition of investments, deposits, or member-
4 ship shares that are received by the Fund as a result of
5 assistance provided pursuant to section 7 of this Act shall
6 be deposited and accredited to an account of the Fund
7 established to carry out the authorized purposes of this
8 Act. Upon request of the Chief Executive Officer, the Sec-
9 retary of the Treasury shall invest amounts deposited in
10 such account in public debt securities with maturities suit-
11 able to the needs of the Fund, as determined by the Chief
12 Executive Officer, and bearing interest at rates deter-
13 mined by the Secretary of the Treasury, taking into con-
14 sideration current market yields on outstanding market-
15 able obligations of the United States of comparable matu-
16 rities. Amounts deposited into the account and interest
17 earned on such amounts pursuant to this section shall be
18 available to the Fund until expended.

19 **SEC. 12. AUTHORIZATION OF APPROPRIATIONS.**

20 (a) IN GENERAL.—There are authorized to be appro-
21 priated to the Fund, to remain available until expended,
22 \$60,000,000 for fiscal year 1994, \$104,000,000 for fiscal
23 year 1995, \$107,000,000 for fiscal year 1996, and
24 \$111,000,000 for fiscal year 1997, or such greater sums
25 as may be appropriated, to carry out the purposes of the
26 Act.

1 (b) ADMINISTRATIVE EXPENSES.—The Fund may
2 set aside up to \$10,000,000 each fiscal year to pay admin-
3 istrative costs and expenses.

4 **SEC. 13. CONFORMING AMENDMENT.**

5 Section 8E(a)(2) of the Inspector General Act of
6 1978 (5 U.S.C. app. 3, 8E(a)(2)) is amended by inserting
7 “the Community Development Banking and Financial In-
8 stitutions Fund,” immediately following “the Community
9 Futures Trading Commission,”.

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