

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 6062

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 28, 2006

Received

NOVEMBER 13, 2006

Read twice and referred to the Committee on Banking, Housing, and Urban  
Affairs

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## AN ACT

To enhance community development investments by financial  
institutions, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Community Develop-  
3 ment Investment Enhancements Act of 2006”.

4 **SEC. 2. ENHANCING THE AUTHORITY FOR NATIONAL**  
5 **BANKS TO MAKE COMMUNITY DEVELOPMENT**  
6 **INVESTMENTS.**

7 (a) NATIONAL BANKS.—The last sentence in the  
8 paragraph designated as the “Eleventh.” of section 5136  
9 of the Revised Statutes of the United States (12 U.S.C.  
10 24) is amended—

11 (1) by striking “10 percent” each place such  
12 term appears and inserting “15 percent”; and

13 (2) by adding at the end the following new sen-  
14 tence: “The preceding standards and limitations  
15 apply to each investment under this paragraph made  
16 by a national bank directly and by its subsidiaries.”.

17 (b) STATE MEMBER BANKS.—The last sentence of  
18 the 23rd undesignated paragraph of section 9 of the Fed-  
19 eral Reserve Act (12 U.S.C. 338a) is amended—

20 (1) by striking “10 percent” each place such  
21 term appears and inserting “15 percent”; and

22 (2) by adding at the end the following new sen-  
23 tence: “The preceding standards and limitations  
24 apply to each investment under this paragraph made  
25 by a State member bank directly and by its subsidi-  
26 aries.”.

1 **SEC. 3. INVESTMENTS BY FEDERAL SAVINGS ASSOCIA-**  
2 **TIONS AUTHORIZED TO PROMOTE THE PUB-**  
3 **LIC WELFARE.**

4 (a) IN GENERAL.—Section 5(c)(3) of the Home Own-  
5 ers’ Loan Act (12 U.S.C. 1464(c)) is amended by adding  
6 at the end the following new subparagraph:

7 “(D) DIRECT INVESTMENTS TO PROMOTE  
8 THE PUBLIC WELFARE.—

9 “(i) IN GENERAL.—A Federal savings  
10 association may make investments de-  
11 signed primarily to promote the public wel-  
12 fare, including the welfare of low- and  
13 moderate-income communities or families  
14 through the provision of housing, services,  
15 and jobs.

16 “(ii) DIRECT INVESTMENTS OR ACQUI-  
17 SITION OF INTEREST IN OTHER COMPA-  
18 NIES.—Investments under clause (i) may  
19 be made directly or by purchasing interests  
20 in an entity primarily engaged in making  
21 such investments.

22 “(iii) PROHIBITION ON UNLIMITED LI-  
23 ABILITY.—No investment may be made  
24 under this subparagraph which would sub-  
25 ject a Federal savings association to unlim-  
26 ited liability to any person.

1           “(iv) SINGLE INVESTMENT LIMITA-  
2           TION TO BE ESTABLISHED BY DIREC-  
3           TOR.—Subject to clauses (v) and (vi), the  
4           Director shall establish, by order or regula-  
5           tion, limits on—

6                   “(I) the amount any savings as-  
7                   sociation may invest in any 1 project;  
8                   and

9                   “(II) the aggregate amount of in-  
10                  vestment of any savings association  
11                  under this subparagraph.

12           “(v) FLEXIBLE AGGREGATE INVEST-  
13           MENT LIMITATION.—The aggregate  
14           amount of investments of any savings asso-  
15           ciation under this subparagraph may not  
16           exceed an amount equal to the sum of 5  
17           percent of the savings association’s capital  
18           stock actually paid in and unimpaired and  
19           5 percent of the savings association’s  
20           unimpaired surplus, unless—

21                   “(I) the Director determines that  
22                   the savings association is adequately  
23                   capitalized; and

24                   “(II) the Director determines, by  
25                   order, that the aggregate amount of

1 investments in a higher amount than  
2 the limit under this clause will pose  
3 no significant risk to the affected de-  
4 posit insurance fund.

5 “(vi) MAXIMUM AGGREGATE INVEST-  
6 MENT LIMITATION.—Notwithstanding  
7 clause (v), the aggregate amount of invest-  
8 ments of any savings association under  
9 this subparagraph may not exceed an  
10 amount equal to the sum of 15 percent of  
11 the savings association’s capital stock actu-  
12 ally paid in and unimpaired and 15 per-  
13 cent of the savings association’s  
14 unimpaired surplus.

15 “(vii) INVESTMENTS NOT SUBJECT TO  
16 OTHER LIMITATION ON QUALITY OF IN-  
17 VESTMENTS.—No obligation a Federal sav-  
18 ings association acquires or retains under  
19 this subparagraph shall be taken into ac-  
20 count for purposes of the limitation con-  
21 tained in section 28(d) of the Federal De-  
22 posit Insurance Act on the acquisition and  
23 retention of any corporate debt security  
24 not of investment grade.

1                   “(viii) APPLICABILITY OF STANDARDS  
2                   TO EACH INVESTMENT.—The standards  
3                   and limitations of this subparagraph shall  
4                   apply to each investment under this sub-  
5                   paragraph made by a savings association  
6                   directly and by its subsidiaries.”.

7           (b) TECHNICAL AND CONFORMING AMENDMENTS.—  
8 Section 5(c)(3)(A) of the Home Owners’ Loan Act (12  
9 U.S.C. 1464(c)(3)(A)) is amended to read as follows:

10                   “(A) [Repealed]”.

          Passed the House of Representatives September 27,  
2006.

Attest:

KAREN L. HAAS,  
*Clerk.*