

111TH CONGRESS  
1ST SESSION

# H. R. 3380

To amend the Federal Credit Union Act to advance the ability of credit unions to promote small business growth and economic development opportunities, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 29, 2009

Mr. KANJORSKI (for himself and Mr. ROYCE) introduced the following bill;  
which was referred to the Committee on Financial Services

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## A BILL

To amend the Federal Credit Union Act to advance the ability of credit unions to promote small business growth and economic development opportunities, 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 The Act may be cited as the “Promoting Lending to  
5 America’s Small Businesses Act of 2009”.

6 **SEC. 2. LIMITS ON MEMBER BUSINESS LOANS.**

7 Section 107A(a) of the Federal Credit Union Act (12  
8 U.S.C. 1757a(a)) is amended by striking “than the lesser

1 of—” and all that follows and inserting “than 25 percent  
2 of the total assets of the credit union.”.

3 **SEC. 3. DEFINITION OF MEMBER BUSINESS LOAN.**

4 Section 107A(c)(1)(B)(iii) of the Federal Credit  
5 Union Act (12 U.S.C. 1757a(c)(1)(B)(iii)) is amended by  
6 striking “\$50,000” and inserting “an amount, not to ex-  
7 ceed \$250,000, that the Board shall prescribe by regula-  
8 tion”.

9 **SEC. 4. RESTRICTION ON MEMBER BUSINESS LOANS.**

10 Section 216(g)(2) of the Federal Credit Union Act  
11 (12 U.S.C. 1790d(g)(2)) is amended by striking “until  
12 such time as the credit union becomes adequately capital-  
13 ized” and inserting “unless otherwise approved by the  
14 Board”.

15 **SEC. 5. MEMBER BUSINESS LOAN EXCLUSION FOR LOANS  
16 TO NONPROFIT RELIGIOUS ORGANIZATIONS.**

17 Section 107A(a) of the Federal Credit Union Act (12  
18 U.S.C. 1757a(a)) is further amended by inserting “, ex-  
19 cluding loans made to nonprofit religious organizations,”  
20 after “total amount of such loans”.

21 **SEC. 6. ENCOURAGING SMALL BUSINESS DEVELOPMENT IN  
22 UNDERSERVED URBAN AND RURAL COMMU-  
23 NITIES.**

24 (a) MEMBER BUSINESS LOAN EXCLUSION FOR  
25 LOANS IN UNDERSERVED AREAS.—Section

1 107A(c)(1)(B) of the Federal Credit Union Act (12  
2 U.S.C. 1757a(c)(1)(B)) is amended—

3 (1) by striking “or” after the semicolon at the  
4 end of clause (iv);

5 (2) by redesignating clause (v) as clause (vi);  
6 and

7 (3) by inserting after clause (iv) the following  
8 new clause:

9 “(v) that is made to a member, the  
10 proceeds of which are to be used for com-  
11 mercial, corporate, business, farm, or agri-  
12 cultural purposes in an underserved area if  
13 such extension of credit—

14 “(I) is made to a person or orga-  
15 nization whose principal residence or  
16 place of business is located within an  
17 underserved area (as defined in sec-  
18 tion 101(10)) served by the credit  
19 union, and is not a business, or a  
20 local outlet of a business, operating on  
21 a nationwide basis (for purposes of  
22 this subclause, a locally owned fran-  
23 chise that consists only of local oper-  
24 ations shall not be treated as a busi-

1                   ness operating on a nationwide basis);

2                   or

3                   “**(II)** is secured by real property

4                   located within, or is intended to oper-

5                   ate as part of a business located with-

6                   in, such underserved area; or”.

7           (b) **UNDERSERVED AREA DEFINED.**—Section 101 of

8 the Federal Credit Union Act (12 U.S.C. 1752) is amend-

9 ed—

10           (1) by striking “and” at the end of paragraph

11           (8);

12           (2) by striking the period at the end of para-

13           graph (9) and inserting “; and”; and

14           (3) by adding at the end the following new

15           paragraph:

16           “(10) The term ‘underserved area’—

17           “**(A)** means a geographic area consisting of

18           a single census tract or a group of census

19           tracts, each of which—

20           “(i) meets the criteria for—

21           “**(I)** a low income community, as

22           defined in section 45D(e) of the Inter-

23           nal Revenue Code of 1986; or

24           “**(II)** an investment area, as de-

25           fined and designated under section

1           103(16) of the Community Develop-  
2           ment Banking and Financial Institu-  
3           tions Act of 1994; and

4           “(ii) is not a tract in which 50 per-  
5           cent or more of the resident families have  
6           annual incomes in excess of \$75,000 (as  
7           adjusted periodically by the Board, at the  
8           discretion of the Board, to reflect changes  
9           in the average Consumer Price Index for  
10          all-urban consumers published by the De-  
11          partment of Labor); and

12          “(B) notwithstanding subparagraph (A),  
13          includes, with respect to any Federal credit  
14          union, any geographic area within which such  
15          credit union—

16               “(i) has received approval to provide  
17               service before the date of the enactment of  
18               the Promoting Lending to America’s Small  
19               Businesses Act of 2009 from the National  
20               Credit Union Administration; and

21               “(ii) has established a service facility  
22               before such date of enactment.”.

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