

111TH CONGRESS
2^D SESSION

H. R. 4694

To amend the Community Development Banking and Financial Institutions Act of 1994 to provide financial assistance to community development financial institutions to help defray the costs of operating small dollar loan programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 25, 2010

Ms. SPEIER (for herself, Mr. HIMES, Mr. POLIS of Colorado, Mr. GONZALEZ, Ms. ESHOO, Ms. ZOE LOFGREN of California, Ms. CHU, Mr. LYNCH, Mr. HINOJOSA, Mr. BACA, Ms. MOORE of Wisconsin, Mr. PERRIELLO, Mr. AL GREEN of Texas, Ms. CLARKE, and Mr. MOORE of Kansas) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Community Development Banking and Financial Institutions Act of 1994 to provide financial assistance to community development financial institutions to help defray the costs of operating small dollar loan programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Safe Affordable Small
5 Dollar Loan Act of 2010”.

1 **SEC. 2. GRANTS TO ESTABLISH LOAN-LOSS RESERVE**
2 **FUNDS.**

3 The Community Development Banking and Financial
4 Institutions Act of 1994 (12 U.S.C. 4701 et seq.) is
5 amended by adding at the end the following:

6 **“SEC. 122. GRANTS TO ESTABLISH LOAN-LOSS RESERVE**
7 **FUNDS.**

8 “(a) PURPOSES.—The purposes of this section are
9 to—

10 “(1) make financial assistance available from
11 the Fund in order to help community development
12 financial institutions defray the costs of operating
13 small dollar loan programs, by providing the
14 amounts necessary for such institutions to establish
15 their own loan loss reserve funds to mitigate some
16 of the losses on such small dollar loan programs;
17 and

18 “(2) encourage community development finan-
19 cial institution to establish and maintain small dollar
20 loan programs that would help give consumers ac-
21 cess to mainstream financial institutions and combat
22 payday lending.

23 “(b) GRANTS.—

24 “(1) LOAN-LOSS RESERVE FUND GRANTS.—The
25 Fund shall make grants to community development
26 financial institutions or to any partnership between

1 such community development financial institutions
2 and any other federally insured depository institu-
3 tion with a primary mission to serve targeted invest-
4 ment areas, as such areas are defined under section
5 103(16), to enable such institutions or any partner-
6 ship of such institutions to establish a loan-loss re-
7 serve fund in order to defray the costs of a small
8 dollar loan program established or maintained by
9 such institution.

10 “(2) MATCHING REQUIREMENT.—A community
11 development financial institution or any partnership
12 of institutions established pursuant to paragraph (1)
13 shall provide non-Federal matching funds in an
14 amount equal to 50 percent of the amount of any
15 grant received under this section.

16 “(3) USE OF FUNDS.—Any grant amounts re-
17 ceived by a community development financial institu-
18 tions or any partnership between or among such in-
19 stitutions under paragraph (1)—

20 “(A) may not be used by such institution
21 to provide direct loans to consumers;

22 “(B) may be used by such institution to
23 help recapture a portion or all of a defaulted
24 loan made under the small dollar loan program
25 of such institution; and

1 “(C) may be used to designate and utilize
2 a fiscal agent for services normally provided by
3 such an agent.

4 “(4) TECHNICAL ASSISTANCE GRANTS.—The
5 Fund shall make technical assistance grants to com-
6 munity development financial institutions or any
7 partnership between or among such institutions to
8 support and maintain a small dollar loan program.
9 Any grant amounts received under this paragraph
10 may be used for technology, staff support, and other
11 costs associated with establishing a small dollar loan
12 program.

13 “(c) DEFINITIONS.—For purposes of this section, the
14 following definitions shall apply:

15 “(1) CONSUMER REPORTING AGENCY THAT
16 COMPILES AND MAINTAINS FILES ON CONSUMERS ON
17 A NATIONWIDE BASIS.—The term ‘consumer report-
18 ing agency that compiles and maintains files on con-
19 sumers on a nationwide basis’ has the same meaning
20 given such term in section 603(p) of the Fair Credit
21 Reporting Act (15 U.S.C. 1681a(p)).

22 “(2) SMALL DOLLAR LOAN PROGRAM.—The
23 term ‘small dollar loan program’ means a loan pro-
24 gram under which a community development finan-
25 cial institution or any partnership between or among

1 any such institutions offers loans to consumers
2 that—

3 “(A) are made in amounts not exceeding
4 \$2,500;

5 “(B) must be repaid in installments;

6 “(C) have no pre-payment penalty;

7 “(D) the institution has to report pay-
8 ments regarding the loan to at least 1 of the
9 consumer reporting agencies that compiles and
10 maintains files on consumers on a nationwide
11 basis; and

12 “(E) meet any other affordability require-
13 ments as may be established by the Adminis-
14 trator.

15 “(d) REPORT TO CONGRESS.—Before the end of the
16 1-year period beginning on the date of the enactment of
17 the Safe Affordable Small Dollar Loan Act of 2010, and
18 each year thereafter, the Administrator shall submit to the
19 Committee on Banking, Housing, and Urban Affairs of
20 the Senate and the Committee on Financial Services of
21 the House of Representatives a report describing—

22 “(1) the activities carried out by the Fund pur-
23 suant to this section; and

1 “(2) any measurable results, as appropriate and
2 available, related to the achievement of the purposes
3 of this section as described in subsection (a).

4 “(e) AUTHORIZATION OF APPROPRIATIONS.—

5 “(1) GRANT PROGRAM.—There are authorized
6 to be appropriated for fiscal years 2010 through
7 2015 such sums as may be necessary to carry out
8 the grant program established under this section.

9 “(2) ADMINISTRATIVE EXPENSES.—There is
10 authorized to be appropriated to the Fund for each
11 fiscal year beginning in fiscal year 2010, an amount
12 equal to the amount of the administrative costs of
13 the Fund for the operation of the grant program es-
14 tablished under this section.”.

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