

116TH CONGRESS  
2D SESSION

# H. R. 5322

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## AN ACT

To establish or modify requirements relating to minority depository institutions, community development financial institutions, and impact banks, 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; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Ensuring Diversity in Community Banking Act”.

4 (b) TABLE OF CONTENTS.—The table of contents for  
5 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Sense of Congress on funding the loan-loss reserve fund for small dollar loans.
- Sec. 3. Definitions.
- Sec. 4. Inclusion of women’s banks in the definition of minority depository institution.
- Sec. 5. Establishment of impact bank designation.
- Sec. 6. Minority Depositories Advisory Committees.
- Sec. 7. Federal deposits in minority depository institutions.
- Sec. 8. Minority Bank Deposit Program.
- Sec. 9. Diversity report and best practices.
- Sec. 10. Investments in minority depository institutions and impact banks.
- Sec. 11. Report on covered mentor-protege programs.
- Sec. 12. Custodial deposit program for covered minority depository institutions and impact banks.
- Sec. 13. Streamlined community development financial institution applications and reporting.
- Sec. 14. Task force on lending to small business concerns.
- Sec. 15. Discretionary surplus funds.
- Sec. 16. Determination of Budgetary Effects.

6 **SEC. 2. SENSE OF CONGRESS ON FUNDING THE LOAN-LOSS**  
7 **RESERVE FUND FOR SMALL DOLLAR LOANS.**

8 The sense of Congress is the following:

9 (1) The Community Development Financial In-  
10 stitutions Fund (the “CDFI Fund”) is an agency of  
11 the Department of the Treasury, and was estab-  
12 lished by the Riegle Community Development and  
13 Regulatory Improvement Act of 1994. The mission  
14 of the CDFI Fund is “to expand economic oppor-  
15 tunity for underserved people and communities by  
16 supporting the growth and capacity of a national

1 network of community development lenders, inves-  
2 tors, and financial service providers”. A community  
3 development financial institution (a “CDFI”) is a  
4 specialized financial institution serving low-income  
5 communities and a Community Development Entity  
6 (a “CDE”) is a domestic corporation or partnership  
7 that is an intermediary vehicle for the provision of  
8 loans, investments, or financial counseling in low-in-  
9 come communities. The CDFI Fund certifies CDFIs  
10 and CDEs. Becoming a certified CDFI or CDE al-  
11 lows organizations to participate in various CDFI  
12 Fund programs as follows:

13 (A) The Bank Enterprise Award Program,  
14 which provides FDIC-insured depository institu-  
15 tions awards for a demonstrated increase in  
16 lending and investments in distressed commu-  
17 nities and CDFIs.

18 (B) The CDFI Program, which provides  
19 Financial and Technical Assistance awards to  
20 CDFIs to reinvest in the CDFI, and to build  
21 the capacity of the CDFI, including financing  
22 product development and loan loss reserves.

23 (C) The Native American CDFI Assistance  
24 Program, which provides CDFIs and spon-  
25 soring entities Financial and Technical Assist-

1           ance awards to increase lending and grow the  
2           number of CDFIs owned by Native Americans  
3           to help build capacity of such CDFIs.

4           (D) The New Market Tax Credit Program,  
5           which provides tax credits for making equity in-  
6           vestments in CDEs that stimulate capital in-  
7           vestments in low-income communities.

8           (E) The Capital Magnet Fund, which pro-  
9           vides awards to CDFIs and nonprofit affordable  
10          housing organizations to finance affordable  
11          housing solutions and related economic develop-  
12          ment activities.

13          (F) The Bond Guarantee Program, a  
14          source of long-term, patient capital for CDFIs  
15          to expand lending and investment capacity for  
16          community and economic development purposes.

17          (2) The Department of the Treasury is author-  
18          ized to create multi-year grant programs designed to  
19          encourage low-to-moderate income individuals to es-  
20          tablish accounts at federally insured banks, and to  
21          improve low-to-moderate income individuals' access  
22          to such accounts on reasonable terms.

23          (3) Under this authority, grants to participants  
24          in CDFI Fund programs may be used for loan-loss  
25          reserves and to establish small-dollar loan programs

1 by subsidizing related losses. These grants also allow  
2 for the providing recipients with the financial coun-  
3 seling and education necessary to conduct trans-  
4 actions and manage their accounts. These loans pro-  
5 vide low-cost alternatives to payday loans and other  
6 nontraditional forms of financing that often impose  
7 excessive interest rates and fees on borrowers, and  
8 lead millions of Americans to fall into debt traps.  
9 Small-dollar loans can only be made pursuant to  
10 terms, conditions, and practices that are reasonable  
11 for the individual consumer obtaining the loan.

12 (4) Program participation is restricted to eligi-  
13 ble institutions, which are limited to organizations  
14 listed in section 501(c)(3) of the Internal Revenue  
15 Code and exempt from tax under 501(a) of such  
16 Code, federally insured depository institutions, com-  
17 munity development financial institutions and State,  
18 local, or Tribal government entities.

19 (5) Since its founding, the CDFI Fund has  
20 awarded over \$3,300,000,000 to CDFIs and CDEs,  
21 allocated \$54,000,000,000 in tax credits, and  
22 \$1,510,000,000 in bond guarantees. According to  
23 the CDFI Fund, some programs attract as much as  
24 \$10 in private capital for every \$1 invested by the  
25 CDFI Fund. The Administration and the Congress

1       should prioritize appropriation of funds for the loan  
2       loss reserve fund and technical assistance programs  
3       administered by the Community Development Finan-  
4       cial Institution Fund.

5 **SEC. 3. DEFINITIONS.**

6       In this Act:

7           (1) COMMUNITY DEVELOPMENT FINANCIAL IN-  
8       STITUTION.—The term “community development fi-  
9       nancial institution” has the meaning given under  
10      section 103 of the Riegle Community Development  
11      and Regulatory Improvement Act of 1994 (12  
12      U.S.C. 4702).

13          (2) MINORITY DEPOSITORY INSTITUTION.—The  
14      term “minority depository institution” has the  
15      meaning given under section 308 of the Financial  
16      Institutions Reform, Recovery, and Enforcement Act  
17      of 1989 (12 U.S.C. 1463 note), as amended by this  
18      Act.

19 **SEC. 4. INCLUSION OF WOMEN’S BANKS IN THE DEFINITION**  
20 **OF MINORITY DEPOSITORY INSTITUTION.**

21      Section 308(b)(1) of the Financial Institutions Re-  
22      form, Recovery, and Enforcement Act of 1989 (12 U.S.C.  
23      1463 note) is amended—

24           (1) by redesignating subparagraphs (A), (B),  
25      and (C) as clauses (i), (ii), and (iii), respectively;

1           (2) by striking “means any” and inserting the  
2           following: “means—

3           “(A) any”; and

4           (3) in clause (iii) (as so redesignated), by strik-  
5           ing the period at the end and inserting “; or”; and

6           (4) by inserting at the end the following new  
7           subparagraph:

8                       “(B) any bank described in clause (i), (ii),  
9                       or (iii) of section 19(b)(1)(A) of the Federal  
10                      Reserve Act—

11                     “(i) more than 50 percent of the out-  
12                     standing shares of which are held by 1 or  
13                     more women; and

14                     “(ii) the majority of the directors on  
15                     the board of directors of which are  
16                     women.”.

17 **SEC. 5. ESTABLISHMENT OF IMPACT BANK DESIGNATION.**

18           (a) IN GENERAL.—Each Federal banking agency  
19           shall establish a program under which a depository institu-  
20           tion with total consolidated assets of less than  
21           \$10,000,000,000 may elect to be designated as an impact  
22           bank if the total dollar value of the loans extended by such  
23           depository institution to low-income borrowers is greater  
24           than or equal to 50 percent of the assets of such bank.

1       (b) NOTIFICATION OF ELIGIBILITY.—Based on data  
2 obtained through examinations of depository institutions,  
3 the appropriate Federal banking agency shall notify a de-  
4 pository institution if the institution is eligible to be des-  
5 ignated as an impact bank.

6       (c) APPLICATION.—Regardless of whether or not it  
7 has received a notice of eligibility under subsection (b),  
8 a depository institution may submit an application to the  
9 appropriate Federal banking agency—

10           (1) requesting to be designated as an impact  
11 bank; and

12           (2) demonstrating that the depository institu-  
13 tion meets the applicable qualifications.

14       (d) LIMITATION ON ADDITIONAL DATA REQUIRE-  
15 MENTS.—The Federal banking agencies may only impose  
16 additional data collection requirements on a depository in-  
17 stitution under this section if such data is—

18           (1) necessary to process an application sub-  
19 mitted by the depository institution to be designated  
20 an impact bank; or

21           (2) with respect to a depository institution that  
22 is designated as an impact bank, necessary to ensure  
23 the depository institution’s ongoing qualifications to  
24 maintain such designation.



1       (e) REMOVAL OF DESIGNATION.—If the appropriate  
2 Federal banking agency determines that a depository in-  
3 stitution designated as an impact bank no longer meets  
4 the criteria for such designation, the appropriate Federal  
5 banking agency shall rescind the designation and notify  
6 the depository institution of such rescission.

7       (f) RECONSIDERATION OF DESIGNATION; AP-  
8 PEALS.—Under such procedures as the Federal banking  
9 agencies may establish, a depository institution may—

10           (1) submit to the appropriate Federal banking  
11 agency a request to reconsider a determination that  
12 such depository institution no longer meets the cri-  
13 teria for the designation; or

14           (2) file an appeal of such determination.

15       (g) RULEMAKING.—Not later than 1 year after the  
16 date of the enactment of this Act, the Federal banking  
17 agencies shall jointly issue rules to carry out the require-  
18 ments of this section, including by providing a definition  
19 of a low-income borrower.

20       (h) REPORTS.—Each Federal banking agency shall  
21 submit an annual report to the Congress containing a de-  
22 scription of actions taken to carry out this section.

23       (i) FEDERAL DEPOSIT INSURANCE ACT DEFINI-  
24 TIONS.—In this section, the terms “depository institu-  
25 tion”, “appropriate Federal banking agency”, and “Fed-

1 eral banking agency” have the meanings given such terms,  
2 respectively, in section 3 of the Federal Deposit Insurance  
3 Act (12 U.S.C. 1813).

4 **SEC. 6. MINORITY DEPOSITORIES ADVISORY COMMITTEES.**

5 (a) ESTABLISHMENT.—Each covered regulator shall  
6 establish an advisory committee to be called the “Minority  
7 Depositories Advisory Committee”.

8 (b) DUTIES.—Each Minority Depositories Advisory  
9 Committee shall provide advice to the respective covered  
10 regulator on meeting the goals established by section 308  
11 of the Financial Institutions Reform, Recovery, and En-  
12 forcement Act of 1989 (12 U.S.C. 1463 note) to preserve  
13 the present number of covered minority institutions, pre-  
14 serve the minority character of minority-owned institu-  
15 tions in cases involving mergers or acquisitions, provide  
16 technical assistance, and encourage the creation of new  
17 covered minority institutions. The scope of the work of  
18 each such Minority Depositories Advisory Committee shall  
19 include an assessment of the current condition of covered  
20 minority institutions, what regulatory changes or other  
21 steps the respective agencies may be able to take to fulfill  
22 the requirements of such section 308, and other issues of  
23 concern to covered minority institutions.

24 (c) MEMBERSHIP.—

1           (1) IN GENERAL.—Each Minority Depositories  
2       Advisory Committee shall consist of no more than  
3       10 members, who—

4                       (A) shall serve for one two-year term;

5                       (B) shall serve as a representative of a de-  
6       pository institution or an insured credit union  
7       with respect to which the respective covered  
8       regulator is the covered regulator of such de-  
9       pository institution or insured credit union; and

10                      (C) shall not receive pay by reason of their  
11       service on the advisory committee, but may re-  
12       ceive travel or transportation expenses in ac-  
13       cordance with section 5703 of title 5, United  
14       States Code.

15           (2) DIVERSITY.—To the extent practicable,  
16       each covered regulator shall ensure that the mem-  
17       bers of the Minority Depositories Advisory Com-  
18       mittee of such agency reflect the diversity of covered  
19       minority institutions.

20       (d) MEETINGS.—

21           (1) IN GENERAL.—Each Minority Depositories  
22       Advisory Committee shall meet not less frequently  
23       than twice each year.

24           (2) NOTICE AND INVITATIONS.—Each Minority  
25       Depositories Advisory Committee shall—

1 (A) notify the Committee on Financial  
2 Services of the House of Representatives and  
3 the Committee on Banking, Housing, and  
4 Urban Affairs of the Senate in advance of each  
5 meeting of the Minority Depositories Advisory  
6 Committee; and

7 (B) invite the attendance at each meeting  
8 of the Minority Depositories Advisory Com-  
9 mittee of—

10 (i) one member of the majority party  
11 and one member of the minority party of  
12 the Committee on Financial Services of the  
13 House of Representatives and the Com-  
14 mittee on Banking, Housing, and Urban  
15 Affairs of the Senate; and

16 (ii) one member of the majority party  
17 and one member of the minority party of  
18 any relevant subcommittees of such com-  
19 mittees.

20 (e) NO TERMINATION OF ADVISORY COMMITTEES.—  
21 The termination requirements under section 14 of the  
22 Federal Advisory Committee Act (5 U.S.C. app.) shall not  
23 apply to a Minority Depositories Advisory Committee es-  
24 tablished pursuant to this section.

25 (f) DEFINITIONS.—In this section:

1           (1) COVERED REGULATOR.—The term “covered  
2       regulator” means the Comptroller of the Currency,  
3       the Board of Governors of the Federal Reserve Sys-  
4       tem, the Federal Deposit Insurance Corporation,  
5       and the National Credit Union Administration.

6           (2) COVERED MINORITY INSTITUTION.—The  
7       term “covered minority institution” means a minor-  
8       ity depository institution (as defined in section  
9       308(b) of the Financial Institutions Reform, Recov-  
10      ery, and Enforcement Act of 1989 (12 U.S.C. 1463  
11      note)).

12          (3) DEPOSITORY INSTITUTION.—The term “de-  
13      pository institution” has the meaning given under  
14      section 3 of the Federal Deposit Insurance Act (12  
15      U.S.C. 1813).

16          (4) INSURED CREDIT UNION.—The term “in-  
17      sured credit union” has the meaning given in section  
18      101 of the Federal Credit Union Act (12 U.S.C.  
19      1752).

20          (g) TECHNICAL AMENDMENT.—Section 308(b) of the  
21      Financial Institutions Reform, Recovery, and Enforce-  
22      ment Act of 1989 (12 U.S.C. 1463 note) is amended by  
23      adding at the end the following new paragraph:

24               “(3) DEPOSITORY INSTITUTION.—The term ‘de-  
25      pository institution’ means an ‘insured depository in-

stitution’ (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) and an insured credit union (as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752)).”.

**SEC. 7. FEDERAL DEPOSITS IN MINORITY DEPOSITORY INSTITUTIONS.**

(a) IN GENERAL.—Section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note) is amended—

(1) by adding at the end the following new subsection:

“(d) FEDERAL DEPOSITS.—The Secretary of the Treasury shall ensure that deposits made by Federal agencies in minority depository institutions and impact banks are collateralized or insured, as determined by the Secretary. Such deposits shall include reciprocal deposits as defined in section 337.6(e)(2)(v) of title 12, Code of Federal Regulations (as in effect on March 6, 2019).”; and

(2) in subsection (b), as amended by section 6(g), by adding at the end the following new paragraph:

“(4) IMPACT BANK.—The term ‘impact bank’ means a depository institution designated by the appropriate Federal banking agency pursuant to sec-

1       tion 5 of the Ensuring Diversity in Community  
2       Banking Act.”.

3       (b) TECHNICAL AMENDMENTS.—Section 308 of the  
4       Financial Institutions Reform, Recovery, and Enforce-  
5       ment Act of 1989 (12 U.S.C. 1463 note) is amended—

6               (1) in the matter preceding paragraph (1), by  
7       striking “section—” and inserting “section:”; and

8               (2) in the paragraph heading for paragraph (1),  
9       by striking “FINANCIAL” and inserting “DEPOSI-  
10      TORY”.

11   **SEC. 8. MINORITY BANK DEPOSIT PROGRAM.**

12       (a) IN GENERAL.—Section 1204 of the Financial In-  
13      stitutions Reform, Recovery, and Enforcement Act of  
14      1989 (12 U.S.C. 1811 note) is amended to read as follows:

15   **“SEC. 1204. EXPANSION OF USE OF MINORITY DEPOSITORY**  
16               **INSTITUTIONS.**

17       “(a) MINORITY BANK DEPOSIT PROGRAM.—

18               “(1) ESTABLISHMENT.—There is established a  
19      program to be known as the ‘Minority Bank Deposit  
20      Program’ to expand the use of minority depository  
21      institutions.

22               “(2) ADMINISTRATION.—The Secretary of the  
23      Treasury, acting through the Fiscal Service, shall—

24                       “(A) on application by a depository institu-  
25      tion or credit union, certify whether such depos-

1           itory institution or credit union is a minority  
2           depository institution;

3                 “(B) maintain and publish a list of all de-  
4           pository institutions and credit unions that have  
5           been certified pursuant to subparagraph (A);  
6           and

7                 “(C) periodically distribute the list de-  
8           scribed in subparagraph (B) to—

9                         “(i) all Federal departments and  
10                        agencies;

11                       “(ii) interested State and local govern-  
12                       ments; and

13                       “(iii) interested private sector compa-  
14                       nies.

15                 “(3) INCLUSION OF CERTAIN ENTITIES ON  
16           LIST.—A depository institution or credit union that,  
17           on the date of the enactment of this section, has a  
18           current certification from the Secretary of the  
19           Treasury stating that such depository institution or  
20           credit union is a minority depository institution shall  
21           be included on the list described under paragraph  
22           (2)(B).

23                 “(b) EXPANDED USE AMONG FEDERAL DEPART-  
24           MENTS AND AGENCIES.—



1           “(1) IN GENERAL.—Not later than 1 year after  
2           the establishment of the program described in sub-  
3           section (a), the head of each Federal department or  
4           agency shall develop and implement standards and  
5           procedures to prioritize, to the maximum extent pos-  
6           sible as permitted by law and consistent with prin-  
7           ciples of sound financial management, the use of mi-  
8           nority depository institutions to hold the deposits of  
9           each such department or agency.

10           “(2) REPORT TO CONGRESS.—Not later than 2  
11           years after the establishment of the program de-  
12           scribed in subsection (a), and annually thereafter,  
13           the head of each Federal department or agency shall  
14           submit to Congress a report on the actions taken to  
15           increase the use of minority depository institutions  
16           to hold the deposits of each such department or  
17           agency.

18           “(c) DEFINITIONS.—For purposes of this section:

19           “(1) CREDIT UNION.—The term ‘credit union’  
20           has the meaning given the term ‘insured credit  
21           union’ in section 101 of the Federal Credit Union  
22           Act (12 U.S.C. 1752).

23           “(2) DEPOSITORY INSTITUTION.—The term ‘de-  
24           pository institution’ has the meaning given in section

1       3 of the Federal Deposit Insurance Act (12 U.S.C.  
2       1813).

3               “(3) MINORITY DEPOSITORY INSTITUTION.—  
4       The term ‘minority depository institution’ has the  
5       meaning given that term under section 308 of this  
6       Act.”.

7       (b) CONFORMING AMENDMENTS.—The following pro-  
8       visions are amended by striking “1204(c)(3)” and insert-  
9       ing “1204(c)”:

10           (1) Section 808(b)(3) of the Community Rein-  
11       vestment Act of 1977 (12 U.S.C. 2907(b)(3)).

12           (2) Section 40(g)(1)(B) of the Federal Deposit  
13       Insurance Act (12 U.S.C. 1831q(g)(1)(B)).

14           (3) Section 704B(h)(4) of the Equal Credit Op-  
15       portunity Act (15 U.S.C. 1691c–2(h)(4)).

16       **SEC. 9. DIVERSITY REPORT AND BEST PRACTICES.**

17       (a) ANNUAL REPORT.—Each covered regulator shall  
18       submit to Congress an annual report on diversity includ-  
19       ing the following:

20           (1) Data, based on voluntary self-identification,  
21       on the racial, ethnic, and gender composition of the  
22       examiners of each covered regulator, disaggregated  
23       by length of time served as an examiner.

1           (2) The status of any examiners of covered reg-  
2           ulators, based on voluntary self-identification, as a  
3           veteran.

4           (3) Whether any covered regulator, as of the  
5           date on which the report required under this section  
6           is submitted, has adopted a policy, plan, or strategy  
7           to promote racial, ethnic, and gender diversity  
8           among examiners of the covered regulator.

9           (4) Whether any special training is developed  
10          and provided for examiners related specifically to  
11          working with depository institutions and credit  
12          unions that serve communities that are predomi-  
13          nantly minorities, low income, or rural, and the key  
14          focus of such training.

15          (b) BEST PRACTICES.—Each Office of Minority and  
16          Women Inclusion of a covered regulator shall develop, pro-  
17          vide to the head of the covered regulator, and make pub-  
18          licly available best practices—

19                (1) for increasing the diversity of candidates  
20                applying for examiner positions, including through  
21                outreach efforts to recruit diverse candidate to apply  
22                for entry-level examiner positions; and

23                (2) for retaining and providing fair consider-  
24                ation for promotions within the examiner staff for  
25                purposes of achieving diversity among examiners.

1       (c) COVERED REGULATOR DEFINED.—In this sec-  
 2 tion, the term “covered regulator” means the Comptroller  
 3 of the Currency, the Board of Governors of the Federal  
 4 Reserve System, the Federal Deposit Insurance Corpora-  
 5 tion, and the National Credit Union Administration.

6   **SEC. 10. INVESTMENTS IN MINORITY DEPOSITORY INSTITU-**  
 7                   **TIONS AND IMPACT BANKS.**

8       (a) CONTROL FOR CERTAIN INSTITUTIONS.—Section  
 9 7(j)(8)(B) of the Federal Deposit Insurance Act (12  
 10 U.S.C. 1817(j)(8)(B)) is amended to read as follows:

11               “(B) ‘control’ means the power, directly or indi-  
 12       rectly—

13               “(i) to direct the management or policies  
 14       of an insured depository institution; or

15               “(ii)(I) with respect to an insured deposi-  
 16       tory institution, of a person to vote 25 per cen-  
 17       tum or more of any class of voting securities of  
 18       such institution; or

19               “(II) with respect to an insured depository  
 20       institution that is an impact bank (as des-  
 21       ignated pursuant to section 5 of the Ensuring  
 22       Diversity in Community Banking Act) or a mi-  
 23       nority depository institution (as defined in sec-  
 24       tion 308(b) of the Financial Institutions Re-  
 25       form, Recovery, and Enforcement Act of 1989),

1           of an individual to vote 30 percent or more of  
2           any class of voting securities of such an impact  
3           bank or a minority depository institution.”.

4           (b) RULEMAKING.—The Federal banking agencies  
5   (as defined in section 3 of the Federal Deposit Insurance  
6   Act (12 U.S.C. 1813)) shall jointly issue rules for de novo  
7   minority depository institutions and de novo impact banks  
8   (as designated pursuant to section 5) to allow 3 years to  
9   meet the capital requirements otherwise applicable to mi-  
10   nority depository institutions and impact banks.

11          (c) REPORT.—Not later than 1 year after the date  
12   of the enactment of this Act, the Federal banking agencies  
13   shall jointly submit to Congress a report on—

14           (1) the principal causes for the low number of  
15   de novo minority depository institutions during the  
16   10-year period preceding the date of the report;

17           (2) the main challenges to the creation of de  
18   novo minority depository institutions and de novo  
19   impact banks; and

20           (3) regulatory and legislative considerations to  
21   promote the establishment of de novo minority de-  
22   pository institutions and de novo impact banks.

1 **SEC. 11. REPORT ON COVERED MENTOR-PROTEGE PRO-**  
2 **GRAMS.**

3 (a) REPORT.—Not later than 6 months after the date  
4 of the enactment of this Act and annually thereafter, the  
5 Secretary of the Treasury shall submit to Congress a re-  
6 port on participants in a covered mentor-protege program,  
7 including—

8 (1) an analysis of outcomes of such program;

9 (2) the number of minority depository institu-  
10 tions that are eligible to participate in such program  
11 but do not have large financial institution mentors;  
12 and

13 (3) recommendations for how to match such mi-  
14 nority depository institutions with large financial in-  
15 stitution mentors.

16 (b) DEFINITIONS.—In this section:

17 (1) COVERED MENTOR-PROTEGE PROGRAM.—  
18 The term “covered mentor-protege program” means  
19 a mentor-protege program established by the Sec-  
20 retary of the Treasury pursuant to section 45 of the  
21 Small Business Act (15 U.S.C. 657r).

22 (2) LARGE FINANCIAL INSTITUTION.—The term  
23 “large financial institution” means any entity—

24 (A) regulated by the Comptroller of the  
25 Currency, the Board of Governors of the Fed-  
26 eral Reserve System, the Federal Deposit In-

1           surance Corporation, or the National Credit  
2           Union Administration; and

3           (B) that has total consolidated assets  
4           greater than or equal to \$50,000,000,000.

5   **SEC. 12. CUSTODIAL DEPOSIT PROGRAM FOR COVERED MI-**  
6                   **NORITY DEPOSITORY INSTITUTIONS AND IM-**  
7                   **PACT BANKS.**

8           (a) IN GENERAL.—Not later than one year after the  
9   date of the enactment of this Act, the Secretary of the  
10 Treasury shall issue rules establishing a custodial deposit  
11 program under which a covered bank may receive deposits  
12 from a qualifying account.

13          (b) REQUIREMENTS.—In issuing rules under sub-  
14 section (a), the Secretary of the Treasury shall—

15               (1) consult with the Federal banking agencies;

16               (2) ensure each covered bank participating in  
17   the program established under this section—

18                   (A) has appropriate policies relating to  
19           management of assets, including measures to  
20           ensure the safety and soundness of each such  
21           covered bank; and

22                   (B) is compliant with applicable law; and

23               (3) ensure, to the extent practicable that the  
24   rules do not conflict with goals described in section  
25   308(a) of the Financial Institutions Reform, Recov-

1       ery, and Enforcement Act of 1989 (12 U.S.C. 1463  
2       note).

3       (c) LIMITATIONS.—

4           (1) DEPOSITS.—With respect to the funds of an  
5       individual qualifying account, an entity may not de-  
6       posit an amount greater than the insured amount in  
7       a single covered bank.

8           (2) TOTAL DEPOSITS.—The total amount of  
9       funds deposited in a covered bank under the custo-  
10      dial deposit program described under this section  
11      may not exceed the lesser of—

12           (A) 10 percent of the average amount of  
13      deposits held by such covered bank in the pre-  
14      vious quarter; or

15           (B) \$100,000,000 (as adjusted for infla-  
16      tion).

17      (d) REPORT.—Each quarter, the Secretary of the  
18      Treasury shall submit to Congress a report on the imple-  
19      mentation of the program established under this section  
20      including information identifying participating covered  
21      banks and the total amount of deposits received by covered  
22      banks under the program.

23      (e) DEFINITIONS.—In this section:

24           (1) COVERED BANK.—The term “covered bank”  
25      means—



1 (A) a minority depository institution that  
2 is well capitalized, as defined by the appropriate  
3 Federal banking agency; or

4 (B) a depository institution designated  
5 pursuant to section 5 of the Ensuring Diversity  
6 in Community Banking Act that is well capital-  
7 ized, as defined by the appropriate Federal  
8 banking agency.

9 (2) INSURED AMOUNT.—The term “insured  
10 amount” means the amount that is the greater of—

11 (A) the standard maximum deposit insur-  
12 ance amount (as defined in section 11(a)(1)(E)  
13 of the Federal Deposit Insurance Act (12  
14 U.S.C. 1821(a)(1)(E))); or

15 (B) such higher amount negotiated be-  
16 tween the Secretary of the Treasury and the  
17 Federal Deposit Insurance Corporation under  
18 which the Corporation will insure all deposits of  
19 such higher amount.

20 (3) FEDERAL BANKING AGENCIES.—The terms  
21 “appropriate Federal banking agency” and “Federal  
22 banking agencies” have the meaning given those  
23 terms, respectively, under section 3 of the Federal  
24 Deposit Insurance Act.

1           (4) QUALIFYING ACCOUNT.—The term “quali-  
2       fying account” means any account established in the  
3       Department of the Treasury that—

4                   (A) is controlled by the Secretary; and

5                   (B) is expected to maintain a balance  
6       greater than \$200,000,000 for the following 24-  
7       month period.

8   **SEC. 13. STREAMLINED COMMUNITY DEVELOPMENT FI-**  
9                   **NANCIAL INSTITUTION APPLICATIONS AND**  
10                  **REPORTING.**

11       (a) APPLICATION PROCESSES.—Not later than 12  
12   months after the date of the enactment of this Act and  
13   with respect to any person having assets under  
14   \$3,000,000,000 that submits an application for deposit in-  
15   surance with the Federal Deposit Insurance Corporation  
16   that could also become a community development financial  
17   institution, the Federal Deposit Insurance Corporation, in  
18   consultation with the Administrator of the Community  
19   Development Financial Institutions Fund, shall—

20               (1) develop systems and procedures to record  
21       necessary information to allow the Administrator to  
22       conduct preliminary analysis for such person to also  
23       become a community development financial institu-  
24       tion; and

1           (2) develop procedures to streamline the appli-  
2           cation and annual certification processes and to re-  
3           duce costs for such person to become, and maintain  
4           certification as, a community development financial  
5           institution.

6           (b) IMPLEMENTATION REPORT.—Not later than 18  
7           months after the date of the enactment of this Act, the  
8           Federal Deposit Insurance Corporation shall submit to  
9           Congress a report describing the systems and procedures  
10          required under subsection (a).

11          (c) ANNUAL REPORT.—

12           (1) IN GENERAL.—Section 17(a)(1) of the Fed-  
13           eral Deposit Insurance Act (12 U.S.C. 1827(a)(1))  
14           is amended—

15           (A) in subparagraph (E), by striking  
16           “and” at the end;

17           (B) by redesignating subparagraph (F) as  
18           subparagraph (G);

19           (C) by inserting after subparagraph (E)  
20           the following new subparagraph:

21           “(F) applicants for deposit insurance that  
22           could also become a community development fi-  
23           nancial institution (as defined in section 103 of  
24           the Riegle Community Development and Regu-  
25           latory Improvement Act of 1994), a minority

depository institution (as defined in section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989), or an impact bank (as designated pursuant to section 5 of the Ensuring Diversity in Community Banking Act); and”.

(2) APPLICATION.—The amendment made by this subsection shall apply with respect to the first report to be submitted after the date that is 2 years after the date of the enactment of this Act.

**SEC. 14. TASK FORCE ON LENDING TO SMALL BUSINESS CONCERNS.**

(a) IN GENERAL.—Not later than 6 months after the date of the enactment of this Act, the Administrator of the Small Business Administration shall establish a task force to examine methods for improving relationships between the Small Business Administration and community development financial institutions, minority depository institutions, and Impact Banks to increase the volume of loans provided by such institutions to small business concerns (as defined under section 3 of the Small Business Act (15 U.S.C. 632)).

(b) REPORT TO CONGRESS.—Not later than 18 months after the establishment of the task force described in subsection (a), the Administrator of the Small Business

1 Administration shall submit to Congress a report on the  
2 findings of such task force.

3 **SEC. 15. DISCRETIONARY SURPLUS FUNDS.**

4 (a) IN GENERAL.—Subparagraph (A) of section  
5 7(a)(3) of the Federal Reserve Act (12 U.S.C.  
6 289(a)(3)(A)) is amended by reducing the dollar figure de-  
7 scribed in such subparagraph by \$1,400,000,000.

8 (b) EFFECTIVE DATE.—The amendment made by  
9 subsection (a) shall take effect on September 30, 2030.

10 **SEC. 16. DETERMINATION OF BUDGETARY EFFECTS.**

11 The budgetary effects of this Act, for the purpose of  
12 complying with the Statutory Pay-As-You-Go Act of 2010,  
13 shall be determined by reference to the latest statement  
14 titled “Budgetary Effects of PAYGO Legislation” for this  
15 Act, submitted for printing in the Congressional Record  
16 by the Chairman of the House Budget Committee, pro-  
17 vided that such statement has been submitted prior to the  
18 vote on passage.

Passed the House of Representatives September 21,  
2020.

Attest:

*Clerk.*

116TH CONGRESS  
2D Session

# H. R. 5322

## AN ACT

To establish or modify requirements relating to minority depository institutions, community development financial institutions, and impact banks, and for other purposes.