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(Original Signature of Member)

118TH CONGRESS  
1ST SESSION

# H. R.

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To require the appropriate Federal banking agencies to establish a 3-year phase-in period for de novo financial institutions to comply with Federal capital standards, to provide relief for de novo rural community banks, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. BARR introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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# A BILL

To require the appropriate Federal banking agencies to establish a 3-year phase-in period for de novo financial institutions to comply with Federal capital standards, to provide relief for de novo rural community 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Promoting Access to  
5 Capital in Underbanked Communities Act of 2023”.

1 **SEC. 2. FINDINGS.**

2 The Congress finds the following:

3 (1) Trends in bank closures and consolidation  
4 have left many communities without access to bank-  
5 ing services and disproportionately impact under-  
6 served rural and urban communities.

7 (2) De novo bank formation has slowed signifi-  
8 cantly following the financial crisis.

9 (3) A November 2019 report by the Federal  
10 Reserve System found that 44 counties in the U.S.  
11 were “deeply affected” by trends in bank closures  
12 and consolidation (i.e., had fewer than 10 branches  
13 in 2012 and lost at least 50 percent of them by  
14 2017).

15 (4) 89 percent of the deeply affected counties  
16 were rural.

17 (5) Rural counties deeply affected by branch  
18 closures had higher poverty rates, lower median in-  
19 come, and a higher share of their population were  
20 African American compared to all rural commu-  
21 nities.

22 **SEC. 3. PHASE-IN OF CAPITAL STANDARDS.**

23 The appropriate Federal banking agencies shall issue  
24 rules that provide for a 3-year phase-in period for a finan-  
25 cial institution to meet any Federal capital requirements  
26 that would otherwise be applicable to the financial institu-

1 tion, where such 3-year period begins on the date on which  
2 the deposit insurance that the financial institution has ob-  
3 tained from the Federal Deposit Insurance Corporation  
4 becomes effective.

5 **SEC. 4. CHANGES TO BUSINESS PLANS.**

6 (a) IN GENERAL.—During the 3-year period begin-  
7 ning on the date on which the deposit insurance that the  
8 financial institution has obtained from the Federal De-  
9 posit Insurance Corporation becomes effective, a financial  
10 institution may request to deviate from a business plan  
11 that has been approved by the appropriate Federal bank-  
12 ing agency by submitting a request to such agency pursu-  
13 ant to this section.

14 (b) REVIEW OF CHANGES.—An appropriate Federal  
15 banking agency shall, not later than the end of the 30-  
16 day period beginning on the receipt of a request under  
17 subsection (a)—

18 (1) approve, conditionally approve, or deny such  
19 request; and

20 (2) notify the financial institution of such deci-  
21 sion and, if the agency denies the request—

22 (A) provide the financial institution with  
23 the reason for such denial; and

1 (B) suggest changes to the request that, if  
2 adopted, would allow the agency to approve  
3 such request.

4 (c) RESULT OF FAILURE TO ACT.—If an appropriate  
5 Federal banking agency fails to approve or deny a request  
6 within the 30-day period required under subsection (b),  
7 such request shall be deemed to be approved.

8 **SEC. 5. RURAL COMMUNITY BANK LEVERAGE RATIO.**

9 (a) IN GENERAL.—During the 3-year period begin-  
10 ning on the date on which the deposit insurance that a  
11 rural community bank has obtained from the Federal De-  
12 posit Insurance Corporation becomes effective, the Com-  
13 munity Bank Leverage Ratio for the rural community  
14 bank shall be 8 percent.

15 (b) PHASE-IN AUTHORITY.—The Federal banking  
16 agencies shall issue rules to phase-in the Community Bank  
17 Leverage Ratio described under subsection (a) with re-  
18 spect to a rural community bank by setting lower Commu-  
19 nity Bank Leverage Ratio percentages during the first 2  
20 years of the 3-year period described under subsection (a).

21 (c) DEFINITIONS.—In this section:

22 (1) COMMUNITY BANK LEVERAGE RATIO.—The  
23 term “Community Bank Leverage Ratio” has the  
24 meaning given that term under section 201(a) of the

1 Economic Growth, Regulatory Relief, and Consumer  
2 Protection Act (12 U.S.C. 5371 note).

3 (2) FEDERAL BANKING AGENCY.—The term  
4 “Federal banking agency” has the meaning given  
5 that term under section 3 of the Federal Deposit In-  
6 surance Act (12 U.S.C. 1813).

7 (3) RURAL COMMUNITY BANK.—The term  
8 “rural community bank” means a financial institu-  
9 tion—

10 (A) with total consolidated assets of less  
11 than \$10,000,000,000; and

12 (B) located in a rural area, as defined  
13 under section 1026.35(b)(iv)(A) of title 12,  
14 Code of Federal Regulations.

15 **SEC. 6. AGRICULTURAL LOAN AUTHORITY FOR FEDERAL**  
16 **SAVINGS ASSOCIATIONS.**

17 Section 5(c) of the Home Owners’ Loan Act (12  
18 U.S.C. 1464(c)) is amended—

19 (1) in paragraph (1), by adding at the end the  
20 following:

21 “(V) AGRICULTURAL LOANS.—Secured or  
22 unsecured loans for agricultural purposes.”; and

23 (2) in paragraph (2)(A), by striking “business,  
24 or agricultural” and inserting “or business”.

1 **SEC. 7. STUDY ON DE NOVO FINANCIAL INSTITUTION.**

2 (a) STUDY.—The appropriate Federal banking agen-  
3 cies shall, jointly, carry out a study on—

4 (1) the principal causes for the low number of  
5 de novo financial institutions in the 10-year period  
6 ending on the date of enactment of this Act; and

7 (2) ways to promote more de novo financial in-  
8 stitutions in areas currently underserved by financial  
9 institutions.

10 (b) REPORT TO CONGRESS.—Not later than the end  
11 of the 1-year period beginning on the date of enactment  
12 of this Act, the appropriate Federal banking agencies  
13 shall, jointly, issue a report to Congress containing all  
14 findings and determinations made in carrying out the  
15 study required under subsection (a).

16 **SEC. 8. DEFINITIONS.**

17 In this Act:

18 (1) FINANCIAL INSTITUTION.—The term “fi-  
19 nancial institution” means a depository institution  
20 or depository institution holding company.

21 (2) OTHER BANKING TERMS.—The terms “ap-  
22 propriate Federal banking agency”, “depository in-  
23 stitution”, and “depository institution holding com-  
24 pany” have the meaning given those terms, respec-  
25 tively, under section 3 of the Federal Deposit Insur-  
26 ance Act.