119TH CONGRESS
1ST SESSION

S. 2718

To amend the Community Development Banking and Financial Institutions Act of 1994 to provide for capitalization assistance to enhance liquidity.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 4, 2025

Mr. WARNER (for himself, Mr. CRAPO, Ms. SMITH, Ms. LUMMIS, Mr. PETERS, and Mrs. HYDE-SMITH) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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A BILL

To amend the Community Development Banking and Financial Institutions Act of 1994 to provide for capitalization assistance to enhance liquidity.

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. CAPITALIZATION ASSISTANCE TO ENHANCE LI-**

4   **QUIDITY.**

5   (a) IN GENERAL.—Section 113 of the Community

6 Development Banking and Financial Institutions Act of

7 1994 (12 U.S.C. 4712) is amended—

8   (1) by striking subsection (a) and inserting the

9   following:

1   "(a) ASSISTANCE.—

2   "(1) IN GENERAL.—The Fund may provide

3   funds to organizations for the purpose of—

4   "(A) purchasing loans that are originated

5   by community development financial institu-

6   tions, loan participations, or interests therein

7   from community development financial institu-

8   tions;

9   "(B) providing guarantees, loan loss re-

10   serves, or other forms of credit enhancement to

11   promote liquidity for community development

12   financial institutions; and

13   "(C) otherwise enhancing the liquidity of

14   community development financial institutions.

15   "(2) CONSTRUCTION OF FEDERAL GOVERN-

16   MENT FUNDS.—For purposes of this subsection, not-

17   withstanding section 105(a)(9) of the Housing and

18   Community Development Act of 1974 (42 U.S.C.

19   5305(a)(9)), funds provided pursuant to such Act

20   shall be considered to be Federal Government

21   funds.";

22   (2) by striking subsection (b) and inserting the

23   following:

24   "(b) SELECTION.—

1 ''(1) IN GENERAL.—The selection of organiza-

2 tions to receive assistance and the amount of assist-

3 ance to be provided to any organization under this

4 section shall be at the discretion of the Fund and in

5 accordance with criteria established by the Fund.

6 ''(2) ELIGIBILITY.—Organizations eligible to re-

7 ceive assistance under this section—

8 ''(A) shall have a primary purpose of pro-

9 moting community development; and

10 ''(B) are not required to be community de-

11 velopment financial institutions.

12 ''(3) PRIORITIZATION.—For the purpose of

13 making an award of funds under this section, the

14 Fund shall prioritize the selection of organizations

15 that—

16 ''(A) demonstrate relevant experience or an

17 ability to carry out the activities under this sec-

18 tion, including experience leading or partici-

19 pating in loan purchase structures or pur-

20 chasing or participating in the purchase of, as-

21 signing, or otherwise transferring, assets from

22 community development financial institutions;

23 ''(B) demonstrate the capacity to increase

24 the number or dollar volume of loan origina-

25 tions or expand the products or services of com-

1 munity development financial institutions, in-

2 cluding by leveraging the award with private

3 capital; and

4 "(C) will use the funds to support commu-

5 nity development financial institutions that rep-

6 resent broad geographic coverage or that serve

7 borrowers that have experienced significant

8 unmet capital or financial services needs.'';

9 (3) in subsection (c), in the first sentence—

10 (A) by striking "$5,000,000" and inserting

11 "$20,000,000"; and

12 (B) by striking "during any 3-year pe-

13 riod"; and

14 (4) by adding at the end the following:

15 "(g) REGULATIONS.—The Secretary may promulgate

16 such regulations as may be necessary or appropriate to

17 carry out the authorities or purposes of this section.''.

18 (b) EMERGENCY CAPITAL INVESTMENT FUNDS.—

19 Section 104A of the Community Development Banking

20 and Financial Institutions Act of 1994 (12 U.S.C. 4703a)

21 is amended by striking subsection (l) and inserting the fol-

22 lowing:

23 "(l) DEPOSIT OF FUNDS.—All funds received by the

24 Secretary in connection with purchases made pursuant of

25 this section, including interest payments, dividend pay-

5

ments, and proceeds from the sale of any financial instru-
ment, shall be deposited into the Fund and used—

        "(1) to provide financial assistance to organiza-
    tions pursuant to section 113; and

        "(2) to provide financial and technical assist-
    ance pursuant to section 108, except that subsection
    (e) of that section shall be waived.".

(c) ANNUAL REPORTS.—

        (1) DEFINITIONS.—In this subsection, the
    terms "community development financial institu-
    tion" and "Fund" have the meanings given the
    terms in section 103 of the Community Development
    Banking and Financial Institutions Act of 1994 (12
    U.S.C. 4702).

        (2) REQUIREMENTS.—Not later than 1 year
    after the date on which assistance is first provided
    under section 113 of the Community Development
    Banking and Financial Institutions Act of 1994 (12
    U.S.C. 4712) pursuant to the amendments made by
    subsection (a) of this section, and annually there-
    after through 2028, the Secretary of the Treasury
    shall submit to Congress a written report describing
    the use of the Fund for the 1-year period preceding
    the submission of the report for the purposes de-
    scribed in subsection (a)(1) of such section 113, as

1 amended by subsection (a) of this section, which

2 shall include, with respect to the period covered by

3 the report—

4   (A) the total amount of—

5   (i) loans, loan participations, and in-

6   terests therein purchased from community

7   development financial institutions;

8   (ii) loans that support affordable

9   housing construction; and

10   (iii) guarantees, loan loss reserves,

11   and other forms of credit enhancement

12   provided to community development finan-

13   cial institutions;

14   (B) the effect of the purchases and guar-

15 antees made by the Fund on the overall com-

16 petitiveness of community development financial

17 institutions; and

18   (C) the impact of the purchases and guar-

19 antees made by the Fund on the liquidity of

20 community development financial institutions.

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