

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2707

To establish the Community Development Fund, to promote community development lending by financial institutions in economically distressed areas, to authorize the Federal Home Loan Bank System to engage in activities to satisfy housing finance and community development needs that are not being met, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 22, 1993

Mr. FLAKE (for himself, Mr. LEACH, Mr. FRANK of Massachusetts, Mr. LAFALCE, Mr. RIDGE, Mr. WYNN, Mrs. ROUKEMA, Mr. WATT, Mr. BAKER of Louisiana, and Ms. ROYBAL-ALLARD) introduced the following bill; which was referred jointly to the Committees on Banking, Finance and Urban Affairs and Small Business

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## A BILL

To establish the Community Development Fund, to promote community development lending by financial institutions in economically distressed areas, to authorize the Federal Home Loan Bank System to engage in activities to satisfy housing finance and community development needs that are not being met, 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.**

2 This Act shall be cited as the “Bank Enterprise Act  
3 Amendments of 1993”.

4 **SEC. 2. FINDINGS AND PURPOSES.**

5 (a) FINDINGS.—The Congress finds the following:

6 (1) Many small- and medium-size businesses,  
7 low- to moderate-income individuals and economi-  
8 cally distressed areas lack adequate access to credit  
9 and private capital.

10 (2) Community development is most productive  
11 when neighborhood residents and merchants, non-  
12 profit organizations, local government officials, and  
13 private lenders cooperate to create a more positive  
14 physical, financial and market environment which  
15 encourages and supports private investment and re-  
16 investment.

17 (3) The best way to address problems of de-  
18 pressed economies in inner cities, rural areas, and  
19 other underserved communities is by empowering  
20 local residents through technical assistance and mar-  
21 ket incentives for pooling local resources.

22 (4) There is a need to provide existing regu-  
23 lated financial institutions with incentives to provide  
24 these groups with adequate access to credit and pri-  
25 vate capital without compromising safety and sound-  
26 ness.

1           (5) There is a need to encourage all private sec-  
2           tor institutions, including community development  
3           banks, community development corporations, com-  
4           munity development credit unions and small busi-  
5           ness investment corporations to provide these groups  
6           with adequate access to credit and private capital  
7           without the creation of an additional Federal bu-  
8           reaucracry and without exposing taxpayers to unnec-  
9           essary risk.

10           (6) There is a need for the Administration to  
11           complete implementing guidelines for existing initia-  
12           tives, such as the Bank Enterprise Act, designed to  
13           provide these groups with adequate access to credit  
14           and private capital.

15           (b) PURPOSE.—The purpose of this Act is to provide  
16           small- and medium-sized businesses, low- and moderate-  
17           income individuals and economically distressed areas with  
18           adequate access to credit and private capital by providing  
19           incentives to regulated financial institutions and other pri-  
20           vate sector institutions.

1 **TITLE I—BANK ENTERPRISE ACT**  
2 **ENHANCEMENTS**

3 **SEC. 101. COMMUNITY DEVELOPMENT FUND.**

4 (a) IN GENERAL.—The Bank Enterprise Act (12  
5 U.S.C. 1834 et seq.) is amended by adding at the end  
6 the following new sections:

7 **“SEC. 235. COMMUNITY DEVELOPMENT FUND.**

8 “(a) IN GENERAL.—There is hereby established the  
9 Community Development Fund (hereafter in this section  
10 referred to as the ‘Fund’).

11 “(b) ADMINISTRATION OF FUND.—

12 “(1) IN GENERAL.—The Fund shall be adminis-  
13 tered by the Community Enterprise Assessment  
14 Credit Board (hereafter in this section referred to as  
15 the ‘Board’).

16 “(2) STANDARDS AND PROCEDURES.—The  
17 Board shall establish standards and procedures for  
18 administering the Fund, processing and reviewing  
19 applications for financial and technical assistance,  
20 and providing oversight for the expenditure of  
21 money from the Fund and for projects funded by the  
22 Fund.

23 “(3) NATIONAL INFORMATION CLEARING-  
24 HOUSE.—The Fund shall establish and maintain an  
25 information clearinghouse in coordination with the

1 Departments of Agriculture, Commerce, and Hous-  
2 ing and Urban Development, the Small Business Ad-  
3 ministration, other Federal agencies, and community  
4 development financial institutions—

5 “(A) to cause to be collected, compiled,  
6 and analyzed information pertinent to commu-  
7 nity development financial institutions that will  
8 assist in creating, developing, expanding, and  
9 preserving these institutions; and

10 “(B) to cause to be established a service  
11 center for comprehensive information on finan-  
12 cial, technical and management assistance, case  
13 studies of the activities of community develop-  
14 ment financial institutions, regulations, and  
15 other information that may be useful to pro-  
16 mote the purpose of this Act.

17 “(4) POWERS.—The Board shall have such  
18 powers as may be necessary for the Board, in the  
19 Board’s status as a Federal agency, to administer  
20 the Fund and carry out the purposes of this section.

21 “(5) REGULATIONS.—The Board may prescribe  
22 such regulations and issue such orders as the Board  
23 may determine to be appropriate to administer the  
24 Fund and carry out the purposes of this section.

1       “(c) PURPOSES OF FUND.—Amounts in the Fund  
2 shall be available to—

3           “(1) support a program of making investments  
4 in and providing assistance to community develop-  
5 ment financial institutions that will provide greater  
6 economic opportunity in qualified distressed commu-  
7 nities;

8           “(2) provide financial and technical assistance  
9 to community development financial institutions; and

10          “(3) operate a national information clearing-  
11 house described in subsection (b)(3).

12       “(d) AUTHORIZATION OF APPROPRIATIONS.—

13           “(1) FUND.—There are authorized to be appro-  
14 priated to the Fund to carry out this section  
15 \$30,000,000 for fiscal year 1994, \$52,000,000 for  
16 fiscal year 1995, \$53,500,000 for fiscal year 1996,  
17 and \$55,500,000 for fiscal year 1997.

18           “(2) BOARD.—There are authorized to be ap-  
19 propriated to the Board to carry out this subtitle  
20 (other than this section) \$30,000,000 for fiscal year  
21 1994, \$52,000,000 for fiscal year 1995,  
22 \$53,500,000 for fiscal year 1996, and \$55,500,000  
23 for fiscal year 1997.

24       “(e) DEFINITIONS.—For purposes of this section—

1           “(1) COMMUNITY DEVELOPMENT FINANCIAL IN-  
2           STITUTION.—The term ‘community development fi-  
3           nancial institution’—

4                   “(A) means any bank, savings association,  
5                   credit union, depository institution holding com-  
6                   pany or affiliate of such company,  
7                   microenterprise development fund, community  
8                   development corporation, community develop-  
9                   ment revolving loan fund, or other depository or  
10                  nondepository organization which—

11                          “(i) promotes the provision of capital,  
12                          credit, or development services in qualified  
13                          distressed communities; and

14                          “(ii) the Board finds provides the  
15                          same or greater community participation  
16                          in the activities of the institution or orga-  
17                          nization as are required under section  
18                          234(b) for a community development bank;  
19                          and

20                          “(B) does not include an agency or instru-  
21                          mentality of the United States or an agency or  
22                          instrumentality of any State or political subdivi-  
23                          sion of any State.

24           “(2) BANK, SAVINGS ASSOCIATION, DEPOSITORY  
25           INSTITUTION HOLDING COMPANY, AND AFFILIATE.—

1 The terms ‘bank’, ‘savings association’, ‘depository  
2 institution holding company’, and ‘affiliate’ have the  
3 meaning given to such terms in section 3 of the Fed-  
4 eral Deposit Insurance Act.

5 “(3) CREDIT UNION.—The term ‘credit union’  
6 means any State or Federal credit union (as defined  
7 in section 101 of the Federal Credit Union Act).

8 “(4) DEVELOPMENT SERVICES.—The term ‘de-  
9 velopment services’ means activities conducted by a  
10 community development financial institution which  
11 promote community development by developing, sup-  
12 porting, and strengthening the lending, investment,  
13 and capacity-building activities undertaken by insti-  
14 tutions, including—

15 “(A) business planning services;

16 “(B) financial and credit counseling serv-  
17 ices;

18 “(C) marketing and management assist-  
19 ance; and

20 “(D) administrative activities associated  
21 with lending or investment.

22 “(5) INSURED COMMUNITY DEVELOPMENT FI-  
23 NANCIAL INSTITUTION.—The term ‘insured commu-  
24 nity development financial institution’—

1           “(A) means any community development  
2           financial institution which is an insured deposi-  
3           tory institution; and

4           “(B) any insured credit union which has  
5           been designated as low-income by the National  
6           Credit Union Administration.

7           “(6) INSURED CREDIT UNION.—The term ‘in-  
8           sured credit union’ has the same meaning given to  
9           such term in section 101(7) of the Federal Credit  
10          Union Act.

11          “(7) INSURED DEPOSITORY INSTITUTION.—The  
12          term ‘insured depository institution’ has the mean-  
13          ing given to such term in section 3(c) of the Federal  
14          Deposit Insurance Act.

15          “(8) QUALIFIED DISTRESSED COMMUNITY.—  
16          The term ‘qualified distressed community’ has the  
17          meaning given to such term in section 233(b).

18          “(9) STATE.—The term ‘State’ has the mean-  
19          ing given to such term in section 3 of the Federal  
20          Deposit Insurance Act.

21   **“SEC. 236. APPLICATIONS FOR ASSISTANCE FROM FUND.**

22          “(a) FORM AND PROCEDURES.—An application for  
23          assistance under section 235 shall be submitted by an ap-  
24          plicant in such form and in accordance with such proce-  
25          dures as the Board shall establish.

1       “(b) MINIMUM REQUIREMENTS.—The Board shall  
2 require that the application—

3           “(1) demonstrate to the satisfaction of the  
4 Board that the applicant is, or upon the receipt of  
5 a charter will be, a community development financial  
6 institution;

7           “(2) demonstrate that the applicant will serve a  
8 qualified distressed community;

9           “(3) in the case of an applicant that has pre-  
10 viously received assistance from the Fund, dem-  
11 onstrate that the applicant—

12           “(A) has successfully carried out the appli-  
13 cant’s responsibilities with respect to such as-  
14 sistance;

15           “(B) has become or is about to become an  
16 entity that will not be dependent upon assist-  
17 ance from the Fund for continued viability; and

18           “(C) will expand the applicant’s operations  
19 into a new qualified distressed community, offer  
20 new services, or will increase the volume of its  
21 current business;

22           “(4) in the case of a community development fi-  
23 nancial institution with existing operations, dem-  
24 onstrate a record of success of serving a qualified  
25 distressed community;

1           “(5) include a detailed and comprehensive stra-  
2           tegic plan for the organization that contains—

3                   “(A) a business plan of at least 5 years  
4                   that demonstrates the applicant is properly  
5                   managed and has the capacity to form and op-  
6                   erate a community development financial insti-  
7                   tution that is, or will become, an entity that will  
8                   not be dependent upon assistance from the  
9                   Fund for continued viability;

10                   “(B) a statement that the applicant has,  
11                   or will have, in the applicant’s charter or other  
12                   governing documents a commitment to commu-  
13                   nity development, or other evidence of a prior  
14                   history and a continuing affirmation of a com-  
15                   mitment of community development;

16                   “(C) an analysis of the needs of the quali-  
17                   fied distressed community and a strategy for  
18                   how the applicant will attempt to meet those  
19                   needs;

20                   “(D) a plan to coordinate use of assistance  
21                   from the Fund with existing Federal, govern-  
22                   ment-sponsored enterprise, and State and local  
23                   assistance programs, and private sector finan-  
24                   cial services;

1           “(E) a statement that the proposed activi-  
2           ties of the applicant are consistent with existing  
3           economic, community and housing development  
4           plans adopted by or applicable to the qualified  
5           distressed community;

6           “(F) a description of how the applicant  
7           will affiliate, network, or otherwise coordinate  
8           with a full range of community organizations  
9           and financial institutions which provide, or will  
10          provide, capital, credit, or secondary markets in  
11          order to assure that banking, economic develop-  
12          ment, investment, affordable housing, and other  
13          related services will be available within the  
14          qualified distressed community; and

15          “(G) such other information as the Board  
16          considers to be appropriate for inclusion in the  
17          strategic plan;

18          “(6) demonstrate that the applicant will carry  
19          on the applicant’s activities consistent with the pur-  
20          poses of the assistance provided by the Fund within  
21          the qualified distressed community;

22          “(7) include a detailed and specific statement of  
23          applicant’s plans and likely sources of funds to  
24          match the amount of assistance from the Fund with

1 funds from private sources in accordance with the  
2 requirements of section 238(e); and

3 “(8) include such other information as the  
4 Board may require.

5 **“SEC. 237. SELECTION OF INSTITUTIONS.**

6 “(a) IN GENERAL.—The Board shall, in the Board’s  
7 discretion, select applications that meet the requirements  
8 of section 236 and award assistance from the Fund in ac-  
9 cordance with section 238.

10 “(b) SELECTION CRITERIA.—In selecting applica-  
11 tions, the Board shall consider applications based on fac-  
12 tors established by the Board which shall include the fol-  
13 lowing criteria:

14 “(1) The likelihood of success of the applicant  
15 in forming and operating a community development  
16 financial institution.

17 “(2) The range and comprehensiveness of the  
18 capital, credit, and development services to be pro-  
19 vided by the applicant.

20 “(3) The extent of the need, as measured by  
21 objective criteria of distress, within the qualified dis-  
22 tressed community for the types of activities pro-  
23 posed by the applicant.

24 “(4) The likelihood that the proposed activities  
25 will benefit a significant portion of the qualified dis-

1       tressed community or, in the case of a community  
2       development financial institution with existing oper-  
3       ations, evidence of the applicant's record of success  
4       in serving a qualified distressed community.

5               “(5) The extent to which the applicant will con-  
6       centrate the applicant's activities on serving low and  
7       very low-income families.

8               “(6) The evidence of the extent of a broad  
9       cross-section of support from the qualified distressed  
10      community.

11              “(7) The experience and background of the pro-  
12      posed management team.

13              “(8) The amount of legally enforceable commit-  
14      ments available at the time of application to meet or  
15      exceed the matching requirements under section  
16      238(e) and the strength of the plan for raising the  
17      balance of the match.

18              “(9) In the case of applicants that have pre-  
19      viously received assistance from the Fund, the extent  
20      to which they have met or exceeded the performance  
21      goals applicable with respect to such assistance.

22              “(10) The extent to which the proposed activi-  
23      ties will expand the employment base within the  
24      qualified distressed community.

1           “(11) The extent to which the applicant is, or  
2 will be, community-owned or community-governed.

3           “(12) Whether the applicant is, or will become,  
4 an insured community development financial institu-  
5 tion.

6           “(13) Whether the applicant is, or will be lo-  
7 cated, in a qualified distressed community.

8           “(14) In the case of an institution that is not  
9 an insured community development financial institu-  
10 tion, the extent to which the institution has or will  
11 have the ability to increase the applicant’s resources  
12 through affiliation with a secondary market, insured  
13 depository institution, or other financial  
14 intermediary in order to multiply the amount of cap-  
15 ital or credit available for community development.

16           “(15) In the case of an insured depository insti-  
17 tution or insured credit union applicant, whether the  
18 institution—

19                   “(A) has or will have a substantial affili-  
20 ation with an entity or network of entities that  
21 are community development financial institu-  
22 tions; and

23                   “(B) has a comprehensive plan for provid-  
24 ing meaningful financial assistance to such an  
25 entity or network of entities.

1       “(c) FAIR DISTRIBUTION OF FUNDING.—In addition  
2 to the criteria described in subsection (b), the Board, in  
3 making selections under this section, shall seek to provide  
4 a fair distribution of funding among—

5           “(1) a geographically diverse group of appli-  
6 cants, which shall include applicants from  
7 nonmetropolitan and rural areas;

8           “(2) various types of community development  
9 financial institutions; and

10          “(3) community development financial institu-  
11 tions of various sizes (as determined on the basis of  
12 total assets).

13 **“SEC. 238. ASSISTANCE PROVIDED BY THE FUND.**

14       “(A) IN GENERAL.—

15           “(1) PROMOTION OF HOSPITABLE ENVIRON-  
16 MENT FOR DEVELOPMENT AND GROWTH.—The  
17 Fund shall work to promote an environment hos-  
18 pitable to business information, economic growth,  
19 community development, and affordable housing in  
20 qualified distressed communities.

21           “(2) COORDINATION OF ACTIVITIES.—The  
22 Fund shall coordinate activities of the Fund with  
23 other Federal agencies and other community and  
24 economic development programs.

1           “(3) PURPOSE OF ASSISTANCE.—Assistance  
2 may be provided to—

3           “(A) an existing qualified community de-  
4 velopment financial institution to—

5           “(i) expand the institution’s activities  
6 to serve any qualified distressed commu-  
7 nity not currently served by another quali-  
8 fied community development financial in-  
9 stitution receiving assistance under this  
10 section; and

11           “(ii) expand the volume of the institu-  
12 tion’s activities consistent with the pur-  
13 poses of the Fund;

14           “(B) from a new entity to undertake ac-  
15 tivities consistent with the purposes of the  
16 Fund; or

17           “(C) to assist an existing entity to modify  
18 the entity’s structure or activities in order to  
19 undertake activities consistent with the pur-  
20 poses of the Fund.

21           “(b) TYPES OF ASSISTANCE.—

22           “(1) IN GENERAL.—

23           “(A) FINANCIAL ASSISTANCE.—The Fund  
24 may provide financial assistance to qualified  
25 community development financial institutions

1 through equity investments, loans, deposits,  
2 membership shares, and grants.

3 “(B) TECHNICAL ASSISTANCE.—The Fund  
4 may provide technical assistance, including  
5 training, and grants for technical assistance to  
6 qualified community development financial in-  
7 stitutions.

8 “(C) ALLOCATION OF ASSISTANCE.—The  
9 allocation of awards of assistance between in-  
10 sured and uninsured community development fi-  
11 nancial institutions shall be in the discretion of  
12 the Board, except that due consideration shall  
13 be given to the allocation of funds to insured  
14 community development financial institutions.

15 “(2) LIMITATIONS ON EQUITY INVESTMENTS.—

16 “(A) 50 PERCENT OF EQUITY MAXIMUM.—  
17 The Fund shall structure financial assistance to  
18 a qualified community development financial in-  
19 stitution in such a manner that the Fund does  
20 not own more than 50 percent of the equity of  
21 such institution after providing such assistance  
22 and does not control the operations of such in-  
23 stitution.

24 “(B) COORDINATION WITH OTHER  
25 LAWS.—The Fund shall not be deemed to con-

1           trol any institution in which the Fund has an  
2           equity investment for the purposes of any appli-  
3           cable Federal or State law.

4           “(C) LIMITATION ON FORM OF EQUITY.—  
5           In the case of equity investments, the Fund  
6           shall hold only transferable, nonvoting invest-  
7           ments, except that the security representing any  
8           such equity investment may provide for convert-  
9           ibility to working stock upon transfer of the se-  
10          curity by the Fund.

11          “(3) DEPOSITS.—Notwithstanding any other  
12          provision of law, deposits made pursuant to this sec-  
13          tion in qualified insured community development fi-  
14          nancial institutions shall not be subject to any re-  
15          quirement for collateral or security.

16          “(4) LIMITATIONS ON OBLIGATIONS.—Direct  
17          loan obligations may be incurred only to the extent  
18          that appropriations of budget authority to cover  
19          their costs, as defined in section 502 of the Congres-  
20          sional Budget Act of 1974, are made in advance.

21          “(c) PURPOSE OF FINANCIAL ASSISTANCE.—Finan-  
22          cial assistance made available under this section may be  
23          used by assisted institutions to develop or support—

1           “(1) commercial facilities that enhance revital-  
2           ization, community stability, or job creation and re-  
3           tention efforts;

4           “(2) business creation and expansion efforts  
5           that—

6                   “(A) create or retain jobs for low-income  
7                   people;

8                   “(B) enhance the availability of products  
9                   and services to low-income people; or

10                   “(C) create or retain businesses owned by  
11                   low-income people or residents of a qualified  
12                   distressed community;

13           “(3) community facilities that provide benefits  
14           to low-income people or enhance community stabil-  
15           ity;

16           “(4) the provision of basic financial services to  
17           low-income people or residents of a qualified dis-  
18           tressed community;

19           “(5) the provision of development services;

20           “(6) home ownership opportunities that are af-  
21           fordable to low-income households;

22           “(7) rental housing that is principally afford-  
23           able to low-income households; and

24           “(8) other activities deemed appropriate by the  
25           Fund.

1 “(d) AMOUNT OF ASSISTANCE.—

2 “(1) IN GENERAL.—The Fund may provide up  
3 to \$5,000,000 of assistance per application to any  
4 one qualified insured community development finan-  
5 cial institution and up to \$2,000,000 per application  
6 to any other qualified community development finan-  
7 cial institution.

8 “(2) AUTHORITY OF BOARD TO SET MINIMUM  
9 AMOUNTS.—The Board shall have the authority to  
10 set minimum amounts of assistance from the Fund  
11 per institution.

12 “(e) MATCHING REQUIREMENTS.—

13 “(1) IN GENERAL.—Assistance provided to  
14 qualified insured community development financial  
15 institutions, other than deposits or membership  
16 shares of \$100,000 or less, technical assistance, or  
17 grants for technical assistance, shall be matched by  
18 no less than \$1 of equity, deposits, or membership  
19 shares for each dollar provided by the Fund.

20 “(2) OTHER FORMS OF ASSISTANCE.—

21 “(A) GENERAL RULE.—The Fund shall re-  
22 quire a match for all other assistance, the  
23 amount and form of which shall be in the dis-  
24 cretion of the Fund.

1           “(B) EXCEPTION.—The Fund shall in no  
2           event require assistance provided in the form of  
3           deposits or membership shares of \$100,000 or  
4           less, technical assistance, or grants for technical  
5           assistance to be matched.

6           “(C) LEGALLY ENFORCEABLE COMMIT-  
7           MENTS REQUIRED.—The Fund shall provide no  
8           assistance except technical assistance or grants  
9           for technical assistance until a qualified com-  
10          munity development financial institution has se-  
11          cured legally enforceable commitments for the  
12          entire match required.

13          “(D) FORM OF PAYMENT.—Assistance  
14          may be provided in one lump sum, or over a pe-  
15          riod of time, as determined by the Fund.

16          “(3) MATCH REQUIREMENT.—Assistance shall  
17          be matched with funds from sources other than the  
18          Federal Government.

19          “(f) TERMS AND CONDITIONS.—

20                 “(1) IN GENERAL.—The Fund shall provide as-  
21                 sistance authorized under this Act in such form and  
22                 subject to such restrictions as are necessary to en-  
23                 sure that to the maximum extent practicable—

24                         “(A) all assistance granted is used by the  
25                         qualified community development financial in-

1           stitution in a manner consistent with the pur-  
2           poses of this Act;

3           “(B) qualified community development fi-  
4           nancial institutions receiving assistance that are  
5           not otherwise regulated by the Federal Govern-  
6           ment or by a State government are financially  
7           and managerially sound;

8           “(C) assistance results in a net increase,  
9           both nationally and in the local communities in  
10          which assistance is provided, in capital, credit,  
11          and development services; and

12          “(D) assistance is provided in a manner  
13          that encourages affiliations and partnerships  
14          between insured depository institutions, second-  
15          ary markets or other sources of credit or lever-  
16          age and local organizations dedicated to com-  
17          munity development.

18          “(2) CONSULTATION WITH BANKING REGU-  
19          LATORS.—Prior to providing assistance to a quali-  
20          fied insured community development financial insti-  
21          tution, the Board should consult with the appro-  
22          priate Federal banking agency or, in the case of an  
23          insured credit union, the National Credit Union Ad-  
24          ministration.

25          “(3) ASSISTANCE AGREEMENT.—

1           “(A) RESTRICTIONS ON USE OF ASSIST-  
2 ANCE.—The Board shall impose restrictions on  
3 the use of assistance provided by the Fund  
4 through the use of a stock purchase agreement,  
5 share purchase agreement, or through a con-  
6 tract entered into in consideration for the provi-  
7 sion of assistance.

8           “(B) PERFORMANCE GOALS.—

9           “(i) IN GENERAL.—Any agreement or  
10 contract relating to the provision of assist-  
11 ance shall require the institution assisted  
12 to comply with performance goals.

13           “(ii) NEGOTIATION OF GOALS.—The  
14 performance goals shall be negotiated be-  
15 tween the Board and each qualified com-  
16 munity development financial institution  
17 receiving assistance based upon the strate-  
18 gic plan submitted pursuant to section  
19 236(b)(5).

20           “(iii) RENEGOTIATION.—The perform-  
21 ance goals may be renegotiated jointly as  
22 appropriate, subject to subparagraph (C).

23           “(iv) DETERMINATION OF ACTIVITY  
24 LEVELS.—Activity levels for insured com-  
25 munity development financial institutions

1 should be determined by the Board in con-  
2 sultation with the appropriate Federal  
3 banking agency or, in the case of an in-  
4 sured credit union, with the National Cred-  
5 it Union Administration.

6 “(C) SANCTIONS.—

7 “(i) IN GENERAL.—The agreement or  
8 contract relating to the provision of assist-  
9 ance shall specify sanctions available to the  
10 Board, in the Board’s discretion, in the  
11 event of noncompliance with the purposes  
12 of the assistance or the terms of the agree-  
13 ment.

14 “(ii) SANCTIONS AVAILABLE.—The  
15 sanctions available for purposes of clause  
16 (i) may include revocation of approval of  
17 the application, terminating or reducing  
18 future assistance, requiring repayment of  
19 assistance, and requiring changes to the  
20 performance goals imposed pursuant to  
21 subparagraph (B) or to the strategic plan  
22 submitted pursuant to section 236(b)(5).

23 “(iii) CONSULTATION WITH OTHER  
24 AGENCIES.—In the case of an insured com-  
25 munity development financial institution,

1           the Board shall consult with the appro-  
2           priate Federal banking agency or, in the  
3           case of an insured credit union, the Na-  
4           tional Credit Union Administration, before  
5           imposing sanctions pursuant to this para-  
6           graph.

7           “(4) REVIEW.—At least annually, the Board  
8           shall review the performance of each assisted quali-  
9           fied community development financial institution in  
10          carrying out the applicant’s strategic plan and per-  
11          formance goals.

12          “(5) REPORTING.—The Board shall require  
13          each qualified community development financial in-  
14          stitution receiving assistance to submit an annual  
15          report to the Fund on the applicant’s activities, fi-  
16          nancial condition, success in meeting performance  
17          goals, and compliance with other requirements of  
18          this Act.

19          “(g) AUTHORITY TO SELL EQUITY INVESTMENTS  
20          AND LOANS.—The Board may—

21                 “(1) sell any investments or loan asset held by  
22                 the Fund; and

23                 “(2) in the Board’s discretion, retain the power  
24                 to enforce limitations on assistance entered into in  
25                 accordance with the requirements of this section.



1           “(A) REPORT REQUIRED.—The Fund shall  
2           conduct an annual evaluation of the activities  
3           carried out pursuant to this Act and shall sub-  
4           mit a report of its findings to the President  
5           within 120 days of the end of each fiscal year  
6           of the Fund.

7           “(B) CONTENTS.—The report shall include  
8           financial statements audited in accordance with  
9           subsection (c).

10          “(2) INSTITUTIONAL VOICE FOR COMMUNITY  
11          DEVELOPMENT.—

12                 “(A) ONGOING STUDY.—The fund shall  
13                 conduct, or cause to be conducted, an ongoing  
14                 study to identify and evaluate the most effective  
15                 and financially sound policies and practices for  
16                 encouraging investment in distressed commu-  
17                 nities, including small business and commercial  
18                 lending, business formation and expansion,  
19                 community and economic development, commer-  
20                 cial real estate and multifamily housing, and  
21                 home mortgages. In addition, the Fund may  
22                 study, or cause to be studied, related matters,  
23                 such as identification of sources of and access  
24                 to capital and loans for community investment;  
25                 development of secondary markets for economic

1 and community development, small business  
2 and commercial loans, and home mortgage  
3 loans and investments; and methods to involve  
4 all segments of the financial services industry in  
5 community development.

6 “(B) CONSULTATION.—In the conduct of  
7 the study, the Fund shall consult, or cause con-  
8 sultation with, the Office of the Comptroller of  
9 the Currency, the Federal Deposit Insurance  
10 Corporation, the Board of Governors of the  
11 Federal Reserve System, the Federal Housing  
12 Finance Board, the Farm Credit Administra-  
13 tion, the Office of Thrift Supervision, the Na-  
14 tional Credit Union Administration, community  
15 reinvestment, civil rights, consumer and finan-  
16 cial organizations, and such representatives of  
17 agencies or other persons as the Fund may de-  
18 termine.

19 “(C) REPORTS.—

20 “(i) INITIAL REPORT.—Within 270  
21 days after the date of enactment of the  
22 Bank Enterprise Act Amendments of  
23 1993, the Board shall report to the Presi-  
24 dent its initial findings and recommenda-

1           tions regarding the matters set forth in  
2           subparagraph (A).

3           “(ii) SUBSEQUENT REPORTS.—After  
4           the report required under clause (i), the  
5           Board shall report its findings and rec-  
6           ommendations to the President with the  
7           annual report required by subsection  
8           (b)(1).

9           “(3) INVESTMENT, GOVERNANCE, AND ROLE OF  
10          FUND.—After the end of the 6-year period beginning  
11          on the date of the enactment of the Bank Enterprise  
12          Act Amendments of 1993, the Fund, in accordance  
13          with the procedures described in subparagraphs (A)  
14          and (B) of paragraph (2), shall conduct a study  
15          evaluating the structure, governance, and perform-  
16          ance of the Fund. The study shall be submitted to  
17          the President. Such study shall include an evaluation  
18          of the overall performance of the Fund in meeting  
19          the purposes of this Act and any recommendations  
20          of the Fund for restructuring the Board, altering  
21          procedures under which the Fund is governed, the  
22          future role of the Fund in addressing community de-  
23          velopment, and the ability of the Fund to become a  
24          private, self-sustaining entity capable of fulfilling the  
25          purposes of this Act.

1 “(c) INVESTMENT OF RECEIPTS AND PROCEEDS.—

2 “(1) PROCEEDS DEPOSITED IN FUND.—Any  
3 dividends on equity investments and proceeds from  
4 the disposition of investments, deposits, or member-  
5 ship shares and interest payments and loan principal  
6 repayments that are received by the Fund as a re-  
7 sult of assistance provided pursuant to section 238  
8 shall be deposited and accredited to the Fund.

9 “(2) INVESTMENTS OF AMOUNTS IN THE  
10 FUND.—The Secretary of the Treasury shall invest  
11 amounts deposited in such account in public debt se-  
12 curities with maturities suitable to the needs of the  
13 Fund and bearing interest at rates determined by  
14 the Secretary of the Treasury, taking into consider-  
15 ation current market yields on outstanding market-  
16 able obligations of the United States of comparable  
17 maturities.

18 “(3) AVAILABILITY OF AMOUNTS.—Amounts  
19 deposited into the account and interest earned on  
20 such amounts pursuant to this section shall be avail-  
21 able to the Fund until expended.”

22 (b) ADDITIONAL BOARD MEMBERS.—Section  
23 233(d)(2) of the Bank Enterprise Act of 1991 (12 U.S.C.  
24 1834a(d)(2)) is amended—

1 (1) by striking “5 members” and inserting “7  
2 members”; and

3 (2) by redesignating subparagraph (D) as sub-  
4 subparagraph (F) and inserting after subparagraph (C)  
5 the following new subparagraphs:

6 “(D) The Secretary of Agriculture.

7 “(E) The Administrator of the Small Busi-  
8 ness Administration.”.

9 (c) EFFECTIVE DATE OF REGULATIONS.—The  
10 Board shall prescribe regulations necessary to implement  
11 the amendments made by subsection (a) not later than  
12 210 days after enactment of this Act.

13 (d) TECHNICAL AND CONFORMING AMENDMENT.—  
14 Section 8E(a)(2) of the Inspector General Act of 1978 (5  
15 U.S.C. App. 3, 8E(a)(2)) is amended by inserting “the  
16 Community Enterprise Assessment Credit Board,” imme-  
17 diately after “the Commodity Futures Trading Commis-  
18 sion”.

19 **SEC. 102. CREDITS FOR NEWLY CHARTERED COMMUNITY**  
20 **DEVELOPMENT BANKS.**

21 (a) IN GENERAL.—Section 233(a) of the Bank En-  
22 terprise Act of 1991 (12 U.S.C. 1834a(a)) is amended by  
23 redesignating paragraphs (3), (4), (5), and (6) as para-  
24 graphs (4), (5), (6), and (7) and by inserting after para-  
25 graph (2) the following new paragraph:



1           “(1) IN GENERAL.—With the approval of the  
2           appropriate Federal banking agency and notwith-  
3           standing any provision of the law of any State to the  
4           contrary, any insured depository institution which is  
5           located in (or maintains a full service branch located  
6           in) a qualified distressed community may sell prop-  
7           erty and casualty insurance, as agent or broker, to  
8           the extent—

9                   “(A) the insurance activities are confined  
10                  to that community; and

11                  “(B) the insurance is sold only to residents  
12                  of the community or individuals employed with-  
13                  in such community.

14           “(2) CERTAIN ACTIVITIES PROHIBITED IN CON-  
15           NECTION WITH INSURANCE ACTIVITIES.—No insured  
16           depository institution which sells insurance pursuant  
17           to paragraph (1) may—

18                   “(A) assume or guarantee the payment of  
19                  any premium on any insurance policy issued  
20                  through the agency of the institution by the in-  
21                  surance company for which the institution is  
22                  acting as agent; or

23                   “(B) guarantee the truth of any statement  
24                  made by an insurance customer in filing such  
25                  customer’s application for insurance.

1           “(3) SHOWING OF UNAVAILABILITY OF INSUR-  
2           ANCE SERVICES.—The appropriate Federal banking  
3           agency may approve an application by an insured  
4           depository institution to sell insurance under para-  
5           graph (1) in any qualified distressed community only  
6           if the institution provides sufficient evidence that the  
7           availability of insurance agents providing competi-  
8           tively priced products in the community is inad-  
9           equate.

10           “(4) DEFINITIONS.—For purposes of this sub-  
11           section—

12                   “(A) APPROPRIATE FEDERAL BANKING  
13                   AGENCY.—The term ‘appropriate Federal bank-  
14                   ing agency’ has the meaning given to such term  
15                   in section 3(q) of the Federal Deposit Insur-  
16                   ance Act.

17                   “(B) QUALIFIED DISTRESSED COMMU-  
18                   NITY.—The term ‘qualified distressed commu-  
19                   nity’ has the meaning given to such term in sec-  
20                   tion 233(b).”.

21           (b) BANK ELIGIBLE SECURITIES.—The clause des-  
22           ignated the “Seventh” of section 5136 of the Revised Stat-  
23           utes (12 U.S.C. 24) is amended by adding at the end the  
24           following new sentence: “Subject to the approval of the  
25           appropriate Federal banking agency (as defined in section

1 3(q) of the Federal Deposit Insurance Act, and to such  
2 limitations as may be prescribed by regulation, any well  
3 capitalized national bank which is located in (or maintains  
4 a full service branch located in) a qualified distressed com-  
5 munity (as defined in section 233(b) of the Bank Enter-  
6 prise Act of 1991) may purchase for its own account, deal  
7 in, or underwrite securities issued by any small business  
8 located in such community.”.

9 (c) SAVINGS ASSOCIATIONS.—Section 5(c)(1) of the  
10 Home Owners’ Loan Act (12 U.S.C. 1464(c)(1)) (as pre-  
11 viously amended herein) is amended by inserting at the  
12 end the following:

13 “(T) THRIFT ELIGIBLE SECURITIES.—  
14 Subject to the approval of the Director and to  
15 such limits as may be prescribed by regulation,  
16 any well capitalized savings association which is  
17 located in (or maintains a full service branch lo-  
18 cated in) a qualified distressed community (as  
19 defined in section 233(b) of the Bank Enter-  
20 prise Act of 1991) may purchase for its own ac-  
21 count, deal in, or underwrite securities issued  
22 by any small business located in such commu-  
23 nity.”.

1 **SEC. 104. BANK ENTERPRISE ACT ENHANCEMENTS.**

2 (a) QUALIFIED DISTRESSED COMMUNITIES.—Sec-  
3 tion 233(b)(1)(B) of the Bank Enterprise Act of 1991 is  
4 amended to read as follows:

5 “(B) is designated as a distressed commu-  
6 nity by—

7 “(i) the Board; or

8 “(ii) any insured depository institu-  
9 tion in accordance with paragraph (2) if  
10 such designation by an insured depository  
11 institution is not disapproved by the appro-  
12 priate Federal banking agency under such  
13 paragraph.”

14 (b) RURAL DISTRESSED AREAS.—Section 233(b) of  
15 the Bank Enterprise Act of 1991 is amended by inserting  
16 at the end the following:

17 “(5) QUALIFIED DISTRESSED RURAL AREAS.—

18 “(A) IN GENERAL.—Notwithstanding para-  
19 graph (4), the Board shall establish independ-  
20 ent criteria for a distressed rural area to be eli-  
21 gible as a qualified distressed community under  
22 this subsection.

23 “(B) FACTORS.—In establishing the cri-  
24 teria for a distressed rural area to be eligible as  
25 a ‘qualified distressed community’ under this

1 subsection, the factors considered by the Board  
2 shall include the following factors:

3 “(i) Population (as determined by the  
4 most recent census data available).

5 “(ii) State of distress.

6 “(iii) Size.

7 “(iv) Unemployment rate.

8 “(v) Poverty rate.

9 “(vi) Job loss.

10 “(vii) Out-migration.”.

11 (c) EXPANDED QUALIFIED LOANS AND FINANCIAL  
12 ASSISTANCE.—Section 233(a)(4) of the Bank Enterprise  
13 Act of 1991 is amended by inserting at the end the follow-  
14 ing new subparagraphs:

15 “(L) Extensions of credit to small busi-  
16 nesses located within a qualified distressed com-  
17 munity.

18 “(M) Consumer education programs either  
19 sponsored or offered by insured depository in-  
20 stitutions that provide assistance to residents of  
21 qualified distressed communities in managing  
22 their personal finances.

23 “(N) Technical assistance and consulting  
24 services to newly formed small businesses lo-  
25 cated in qualified distressed communities.

1           “(O) Technical assistance to, or servicing  
2           the loans of, low- or moderate-income home-  
3           owners, and homeowners located in qualified  
4           distressed communities.

5           “(P) Extensions of credit for activities  
6           which qualify for advances from a Federal home  
7           loan bank under a community investment pro-  
8           gram established by the bank pursuant to sec-  
9           tion 10(i) of the Federal Home Loan Bank  
10          Act.”

11          (d) PRIORITY OF FUNDING.—Section 233 of the  
12          Bank Enterprise Act of 1991 is amended by redesignating  
13          subsection (g) as subsection (h) and inserting after sub-  
14          section (f) the following new subsection:

15          “(g) PRIORITY OF FUNDING.—In allocating funds for  
16          the implementation of this section, the Board shall grant  
17          a priority to qualified distressed communities designated  
18          by the Board pursuant to section 233(b)(1)(B) and no less  
19          than 25 percent of the funds authorized and appropriated  
20          for the implementation of this section shall be allocated  
21          by the Board to distressed rural areas that are determined  
22          to be qualified distressed communities pursuant to section  
23          233(b)(5).”.

24          (e) COMMUNITY DEVELOPMENT ORGANIZATIONS.—  
25          Section 234(e) of the Bank Enterprise Act of 1991 is

1 amended by striking “institution,” and inserting “institu-  
2 tion, nonprofit microloan lending organization licensed by  
3 the Small Business Administration, development company  
4 certified by the Small Business Administration, commu-  
5 nity development financial institution,”.

6 (f) NONPROFIT, PRIVATE, COMMUNITY DEVELOP-  
7 MENT CORPORATIONS—

8 (1) IN GENERAL.—Section 234(a)(1) of the  
9 Bank Enterprise Act of 1991 (12 U.S.C.  
10 1834b(a)(1)) is amended—

11 (A) by striking “or” at the end of subpara-  
12 graph (C);

13 (B) by inserting “or” after the semicolon  
14 at the end of subparagraph (D); and

15 (C) by adding at the end the following new  
16 subparagraph:

17 “(E) invests in a nonprofit, private, com-  
18 munity development corporation;”.

19 (2) NONPROFIT, PRIVATE, COMMUNITY DEVEL-  
20 OPMENT CORPORATION REQUIREMENTS.—Section  
21 234 of the Bank Enterprise Act of 1991 (12 U.S.C.  
22 1834b) is amended by adding at the end the follow-  
23 ing new subsection:

24 “(f) NONPROFIT, PRIVATE, COMMUNITY DE-  
25 VELOPMENT CORPORATION REQUIREMENTS.—

1           “(1) IN GENERAL.—A private, nonprofit, com-  
2           munity development corporation meets the require-  
3           ment of this subsection if the corporation satisfies  
4           the selection criteria and the performance require-  
5           ments which the Board shall establish and admin-  
6           ister.

7           “(2) PERFORMANCE REQUIREMENTS.—The per-  
8           formance requirements established pursuant to para-  
9           graph (1) shall include the following:

10                   “(A) The corporation has received funding  
11                   from a Federal agency or department.

12                   “(B) The lending and investments of the  
13                   corporation have been regulated by the Federal  
14                   agency providing the funding.

15                   “(C) The corporation has satisfactorily met  
16                   the conditions of the funding.

17                   “(D) The corporation has submitted an-  
18                   nual audits or other reports required by the  
19                   agency providing the funding.”.

20           (3) DEFINITION OF NONPROFIT, PRIVATE, COM-  
21           MUNITY DEVELOPMENT CORPORATION.—Section  
22           234(e) of the Bank Enterprise Act of 1991 (12  
23           U.S.C. 1834b(e)) is amended by adding at the end  
24           the following new paragraph:

1           “(6) NONPROFIT, PRIVATE, COMMUNITY DE-  
2           VELOPMENT CORPORATION REQUIREMENTS.—The  
3           term ‘private, nonprofit, community development  
4           corporation’ means a private, locally-initiated, non-  
5           profit corporation (or a private nonprofit affiliate of  
6           such a corporation) which—

7                   “(A) meets the requirements of subsection  
8                   (f);

9                   “(B) is governed by a board consisting of  
10                  residents and business and civic leaders of the  
11                  community; and

12                  “(C) sponsors enterprises which provide  
13                  employment, housing, and business development  
14                  opportunities for low- and moderate-income  
15                  residents of a qualified distressed community  
16                  and are designed to increase employment, hous-  
17                  ing, and business opportunities in such commu-  
18                  nity.”.

## 19           **TITLE II—BANK COMMUNITY** 20           **DEVELOPMENT INCENTIVES**

### 21           **SEC. 201. CRA CREDIT FOR COMMUNITY INVESTMENTS.**

22           (a) CRA CREDIT FOR COMMUNITY LENDING ACTIVI-  
23           TIES.—The Community Reinvestment Act of 1977 (12  
24           U.S.C. 2901 et seq.) is amended by adding at the end  
25           the following new section:

1 **“SEC. 809. PERFORMANCE RATING STANDARDS FOR CRA**  
2 **CREDIT.**

3 “(a) PERFORMANCE RATING STANDARDS RE-  
4 QUIRED.—

5 “(1) IN GENERAL.—Not later than 1 year after  
6 the date of enactment of the Bank Enterprise Act  
7 Amendments of 1993, the Financial Institutions Ex-  
8 amination Council, in consultation with the Commu-  
9 nity Enterprise Assessment Credit Board, individ-  
10 uals representing regulated financial institutions,  
11 consumers, community groups, and other interested  
12 parties, shall establish performance rating standards  
13 to assess the record of a regulated financial institu-  
14 tion in meeting the credit needs of the institution’s  
15 community, including low- and moderate-income  
16 neighborhoods, for purposes of this title.

17 “(2) RATING METHODOLOGY.—The perform-  
18 ance rating standards shall require—

19 “(A) a quantitative analysis of objective,  
20 quantitative data which shall be used to meas-  
21 ure the extent to which a regulated financial in-  
22 stitution is committing financial and managerial  
23 resources to community reinvestment activities  
24 in relation to the institution’s total amount of  
25 deposit liabilities; and

1           “(B) a qualitative analysis of subjective  
2 factors which the Financial Institutions Exam-  
3 ination Council determines are appropriate in  
4 assessing a regulated financial institution for  
5 purposes of this title, including the following  
6 factors:

7                   “(i) The regulated financial institu-  
8 tion’s asset size and service area.

9                   “(ii) Access to Federal programs.

10                  “(iii) Economic conditions in the insti-  
11 tution’s service area.

12                  “(iv) Legal impediments.

13                  “(v) The unique nature of any com-  
14 munity reinvestment activity of the regu-  
15 lated financial institution which may not  
16 be accurately or adequately reflected in  
17 amount of the institution’s investments.

18                  “(vi) The community reinvestment ac-  
19 tivities of any affiliate (as defined in sec-  
20 tion 2(k) of the Bank Holding Company  
21 Act of 1956) of the institution which is not  
22 a regulated financial institution to the ex-  
23 tent the consideration of such affiliate is  
24 appropriate in assessing the community re-  
25 investment activities of the institution.

1           “(vii) Any additional factors that rea-  
2           sonably bear upon the institution’s ability  
3           to meet the credit needs of the institution’s  
4           service area, including low- and moderate-  
5           income neighborhoods.

6           “(3) QUALIFIED INVESTMENTS AND ACTIVI-  
7           TIES.—

8           “(A) IN GENERAL.—The Financial Institu-  
9           tions Examination Council shall compile a list  
10          of activities and investments which qualify as  
11          community reinvestment activities for purposes  
12          of this title and the relative weight which shall  
13          be accorded to each type or category of such in-  
14          vestment activities for purposes of paragraph  
15          (2)(A).

16          “(B) CERTAIN ACTIVITIES AND INVEST-  
17          MENTS INCLUDED.—The following activities  
18          and investments shall qualify as community re-  
19          investment activities for purposes of this title:

20                 “(i) Any activity or investment of a  
21                 regulated financial institution which is  
22                 treated as a qualifying activity or invest-  
23                 ment under section 233(a) of the Bank  
24                 Enterprise Act of 1991 for purposes of  
25                 such Act.

1           “(ii) Any activity of a regulated finan-  
2           cial institution which involves providing  
3           lifeline accounts (as defined in section  
4           232(a) of the Bank Enterprise Act of  
5           1991).

6           “(iii) Any investment which—

7                   “(I) is made by a regulated fi-  
8                   nancial institution or an affiliate of  
9                   any such institution in a community  
10                  development bank, community devel-  
11                  opment corporation, community devel-  
12                  opment credit union, or small business  
13                  investment corporation operating in  
14                  the regulated financial institution’s  
15                  delineated community; and

16                   “(II) is consistent with safe and  
17                  sound banking practices.

18           “(4) PREINVESTMENT OPINION.—

19                   “(A) PROCEDURES REQUIRED.—The Fi-  
20                  nancial Institutions Examination Council shall  
21                  establish procedures under which a regulated fi-  
22                  nancial institution can obtain a written opinion  
23                  of the appropriate Federal supervisory agency  
24                  on the qualification of a proposed activity or in-

1 vestment as a community reinvestment activity  
2 for purposes of this title.

3 “(B) TIMELY OPINION REQUIRED.—In the  
4 case of a request for an opinion under the pro-  
5 cedures established pursuant to subparagraph  
6 (A) with respect to a proposed activity or in-  
7 vestment, the appropriate Federal financial su-  
8 pervisory agency shall provide a written opinion  
9 on whether such activity or investment may be  
10 treated as a qualified community reinvestment  
11 activity within 3 business days of the receipt of  
12 the request.

13 “(b) REGULATIONS TO INCLUDE STANDARDS.—Each  
14 appropriate Federal financial supervisory agency shall in-  
15 clude the standards established under subsection (a) in the  
16 regulations prescribed by the agency pursuant to this title.

17 “(c) ASSIGNED RATINGS.—The Federal financial su-  
18 pervisory agencies shall base the assigned ratings required  
19 under section 807(b)(2) on the standards established pur-  
20 suant to subsection (a).”.

21 (b) TECHNICAL AND CONFORMING AMENDMENTS.—  
22 Section 808(a) of the Community Reinvestment Act of  
23 1977 (12 U.S.C. 2907(a)) is amended by striking “may  
24 be a factor” and inserting “shall be considered and given  
25 credit”.

1 **SEC. 202. CRA COMPLIANCE AND COMMUNITY DEVELOP-**  
2 **MENT INVESTMENT ACTIVITIES.**

3 (a) IN GENERAL.—Section 804 of the Community  
4 Reinvestment Act of 1977 (12 U.S.C. 2903) is amended—

5 (1) by striking “In connection with” and insert-  
6 ing “(a) IN GENERAL.—Subject to subsection (b), in  
7 connection with”; and

8 (2) by adding at the end the following new sub-  
9 sections:

10 “(b) SAFE HARBOR FOR INSTITUTIONS WITH OUT-  
11 STANDING RATINGS.—Notwithstanding subsection (a)(2),  
12 an application for a deposit facility by a regulated finan-  
13 cial institution in any year shall not be denied on the basis  
14 of such institution’s compliance with this Act if such insti-  
15 tution has received a 1 rating under section 807 in each  
16 of the 3 years preceding such year.

17 “(c) DETERMINATION OF SERVICE AREA.—

18 “(1) CRITERIA AND PROCEDURES.—The Finan-  
19 cial Institutions Examination Council shall establish  
20 criteria and procedures for delineating the service  
21 area of a regulated financial institution on the basis  
22 of existing market conditions and local credit needs,  
23 including the credit needs of low- and moderate-in-  
24 come neighborhoods.

25 “(2) USE OF CRITERIA AND PROCEDURES.—  
26 The delineation of the service area of a regulated fi-

1       nancial institution by the appropriate Federal finan-  
2       cial supervisory agency for purposes of this title  
3       shall be made in accordance with the criteria and  
4       procedures established under paragraph (1).

5               “(3) RULE OF CONSTRUCTION.—Any reference  
6       in this title to a regulated financial institution’s  
7       community shall be considered to be a reference to  
8       the service area delineated for such bank under this  
9       subsection.”.

10       “(b) TECHNICAL AND CONFORMING AMEND-  
11       MENTS.—Section 803 of the Community Reinvestment  
12       Act is amended by inserting at the end the following:

13               “(5) DEPOSITORY INSTITUTION HOLDING COM-  
14       PANY.—The term ‘depository institution holding  
15       company’ has the same meaning given such term as  
16       in section 3(w)(1) of the Federal Deposit Insurance  
17       Act (12 U.S.C. 1813(w)(1)).

18               “(6) COMMUNITY DEVELOPMENT ORGANIZA-  
19       TION, COMMUNITY DEVELOPMENT BANK, AND COM-  
20       MUNITY DEVELOPMENT CORPORATION.—The terms  
21       ‘community development organization’, ‘community  
22       development bank’, and ‘community development  
23       corporation’ have the meaning given to such terms  
24       in section 234 of the Bank Enterprise Act of 1991.

1           “(7) COMMUNITY DEVELOPMENT CREDIT  
2 UNION.—The term ‘community development credit  
3 union’ has the same meaning given such term as in  
4 section 101(1) of the Federal Credit Union Act.”.

5 **SEC. 203. COMMUNITY COMMENTS; REVIEW PROCEDURE.**

6           “(a) IN GENERAL.—Section 809 of the Community  
7 Reinvestment Act of 1977 (12 U.S.C. 2906) (as added by  
8 section 201 of this Act) is amended by adding at the end  
9 the following new subsections:

10          “(d) COMMUNITY COMMENTS ON PERFORMANCE  
11 RATING STANDARDS.—

12           “(1) NOTICE OF OPPORTUNITY REQUIRED.—  
13 Before making any final determination with respect  
14 to the proposed treatment of any activity or invest-  
15 ment as a qualified community reinvestment, the Fi-  
16 nancial Institutions Examination Council shall pub-  
17 lish a notice in the Federal Register soliciting the  
18 comments of any community group or other inter-  
19 ested person.

20           “(2) COMMENTS CONSIDERED.—In making the  
21 determination described in paragraph (1), the Fi-  
22 nancial Institutions Examination Council shall con-  
23 sider comments received pursuant to any solicitation  
24 of comments under this subsection.”.

1 (b) REVIEW PROCEDURE FOR WRITTEN EVALUA-  
2 TIONS.—

3 (1) IN GENERAL.—Section 807 of the Commu-  
4 nity Reinvestment Act of 1977 (12 U.S.C. 2906) is  
5 amended by adding at the end the following new  
6 subsection:

7 “(d) REVIEW PROCEDURE.—

8 “(1) NOTICE.—Each appropriate Federal finan-  
9 cial supervisory agency shall notify a regulated fi-  
10 nancial institution of the completion of an evaluation  
11 of the institution under subsection (a).

12 “(2) HEARING.—Any regulated financial insti-  
13 tution may request a hearing for agency review, in  
14 accordance with chapter 5 of title 5, United States  
15 Code, of any evaluation prepared under this section  
16 before the end of the 14-day period beginning on the  
17 date the institution receives notice under paragraph  
18 (1).”.

19 (2) TECHNICAL AND CONFORMING AMEND-  
20 MENTS.—Section 807(b)(2) of the Community Rein-  
21 vestment Act of 1977 (12 U.S.C. 2906(b)(2)) is  
22 amended—

23 (A) in subparagraph (A), by striking “Out-  
24 standing” and inserting “1, if the institution  
25 has an outstanding”;

1 (B) in subparagraph (B), by striking “Satisfactory” and inserting “2, if the institution  
2 satisfactory” and inserting “2, if the institution  
3 has a satisfactory”;

4 (C) in subparagraph (C), by striking  
5 “Needs to improve” and inserting “3, if the in-  
6 stitution needs to improve its”;

7 (D) in subparagraph (D), by striking  
8 “Substantial noncompliance” and inserting “4,  
9 if the institution is in substantial noncompli-  
10 ance”;

11 (E) by striking the closing quotation  
12 marks before the period at the end of subpara-  
13 graphs (A), (B), (C), and (D).

14 **SEC. 204. EXPEDITED PROCEDURES FOR COMMUNITY DE-**  
15 **VELOPMENT CORPORATIONS.**

16 Section 4 of the Bank Holding Company Act of 1956  
17 (12 U.S.C. 1843) is amended by inserting at the end the  
18 following new subsection:

19 “(j) NOTICE PROCEDURES FOR COMMUNITY DEVEL-  
20 OPMENT CORPORATION ACTIVITIES.—

21 “(1) GENERAL NOTICE PROCEDURE.—No bank  
22 holding company may acquire or retain ownership or  
23 control of the shares of a community development  
24 corporation as authorized pursuant to subsection (c)  
25 of this section unless the company submits a written

1 notice of the proposed transaction or expansion not  
2 less than 30 days before the date the proposed  
3 transaction or expansion commences.

4 “(2) CONTENTS OF NOTICE.—The notice sub-  
5 mitted to the Board shall contain such information  
6 as the Board shall prescribe by regulation or by spe-  
7 cific request in connection with a particular notice.

8 “(3) PROCEDURE FOR AGENCY ACTION.—A no-  
9 tice filed under this subsection shall be deemed to be  
10 approved by the Board unless, before the end of the  
11 30-day period beginning on the date of the receipt  
12 of a complete notice, the Board issues an order set-  
13 ting forth the reasons for disapproval.

14 “(4) WAIVER.—Any activity of a community de-  
15 velopment corporation authorized under subsection  
16 (c) and subject to paragraph (1), may proceed prior  
17 to the expiration of the disapproval period if the  
18 Board issues a written notice of approval.

19 “(5) SHORTER PERIOD.—The Board may pro-  
20 vide for a shorter period of time for notice under  
21 this subsection if such action would produce benefits  
22 to the public without adversely affecting the safety  
23 and soundness of insured depository institutions.”.

1 **SEC. 205. COMMUNITY DEVELOPMENT INVESTMENT AC-**  
2 **COUNTS.**

3 (a) NATIONAL BANKS.—Section 5136 of the Revised  
4 Statutes of the United States (12 U.S.C. 24) is amended  
5 by inserting at the end the following:

6 “Twelfth. Notwithstanding any other provision of  
7 law, to organize, sponsor or underwrite securities issued  
8 by companies that are registered as investment companies  
9 under the Investment Company Act of 1940 to the extent  
10 that such investment companies invest and trade only in  
11 securities issued by companies located and primarily doing  
12 business in qualified distressed communities as defined in  
13 section 233(b) of the Bank Enterprise Act of 1991.”.

14 (b) SAVINGS ASSOCIATIONS.—Section 5(c)(1) of the  
15 Home Owners’ Loan Act (12 U.S.C. 1464(c)(1)) is  
16 amended by inserting at the end the following:

17 “(S) COMMUNITY DEVELOPMENT INVESTMENT  
18 ACCOUNTS.—Notwithstanding any other provision of  
19 law, to organize, sponsor or underwrite securities is-  
20 sued by companies that are registered as investment  
21 companies under the Investment Company Act of  
22 1940 to the extent that such investment companies  
23 invest and trade only in securities issued by compa-  
24 nies located and primarily doing business in quali-  
25 fied distressed communities as defined in section  
26 233(b) of the Bank Enterprise Act of 1991.”.

1 **SEC. 206. ENHANCED PASSIVE INVESTMENTS AUTHORIZED**  
2 **FOR COMMUNITY DEVELOPMENT ACTIVITIES.**

3 (a) IN GENERAL.—Section 4(c) of the Bank Holding  
4 Company Act of 1956 (12 U.S.C. 1843(c)) is amended  
5 by adding the following paragraph:

6 “(15) shares of any company located and pri-  
7 marily doing business in a qualified distressed com-  
8 munity as defined in section 233(b) of the Bank En-  
9 terprise Act of 1991 to the extent that—

10 “(A) the total amount of the shares of  
11 such company acquired or retained in accord-  
12 ance with this paragraph (by the bank holding  
13 company and any subsidiary of the bank hold-  
14 ing company) does not exceed 25 percent of the  
15 outstanding voting shares of the company;

16 “(B) the company is not under the oper-  
17 ational control, directly or indirectly, of the  
18 bank holding company;

19 “(C) the company does not engage in real  
20 estate or real estate related activities not per-  
21 missible for a national bank; and

22 “(D) the Board has been given notice by  
23 the bank holding company of its intent to ac-  
24 quire or retain the shares of such company in  
25 accordance with this paragraph and has not  
26 disapproved the acquisition within 45 days

1 based on a finding that such acquisition or re-  
2 tention of shares would adversely affect the  
3 safety and soundness of insured depository in-  
4 stitution affiliates.”.

5 (b) CONFORMING AMENDMENT.—Section 2(a)(3) of  
6 the Bank Holding Company Act of 1956 (12 U.S.C.  
7 1841(a)) is amended by redesignating paragraphs (4), (5),  
8 and (6) as paragraphs (5), (6), and (7), respectively, and  
9 by inserting after paragraph (3) the following new para-  
10 graph:

11 “(4) For the purpose of any proceeding under para-  
12 graph (2)(C) or to which paragraph (5) applies, there shall  
13 be a presumption that any company which owns, controls,  
14 or has the power to vote not more than 25 percent of any  
15 class of voting stock of any company as authorized by,  
16 and in conformity with, section 4(c)(15) of this Act does  
17 not control such company.”.

18 **SEC. 207. AWARDS PROGRAM.**

19 The Financial Institutions Examination Council shall  
20 establish an annual awards program to publicly recognize  
21 tangible examples of outstanding efforts by insured depos-  
22 itory institutions to meet the credit needs of their commu-  
23 nities.

1 **SEC. 208. QUALIFIED STOCK ISSUANCES FOR MINORITY**  
2 **THRIFTS.**

3 Section 10(q) of the Home Owners' Loan Act (12  
4 U.S.C. 1467a(q)) is amended—

5 (1) by striking “undercapitalized” each place  
6 such term appears and inserting “eligible”;

7 (2) in paragraph (1)(F), by striking “has cap-  
8 ital” and all that follows through the period and in-  
9 sserting “is adequately capitalized as determined  
10 under section 38 of the Federal Deposit Insurance  
11 Act.”;

12 (3) in paragraph (1)(G), by striking “not more  
13 than 15” and inserting “less than 25”; and

14 (4) by striking subparagraphs (A) and (B) of  
15 paragraph (4) and inserting the following new sub-  
16 paragraphs:

17 “(A) that is undercapitalized (as deter-  
18 mined under section 38 of the Federal Deposit  
19 Insurance Act); or

20 “(B) that is a minority depository institu-  
21 tion (as defined in section 308(b) of Financial  
22 Institutions Reform, Recovery, and Enforce-  
23 ment Act of 1989).”.

1 **TITLE III—HOUSING AND SMALL**  
2 **BUSINESS FINANCE**

3 **SEC. 301. MEETING UNMET HOUSING AND COMMUNITY**  
4 **CREDIT NEEDS THROUGH THE FEDERAL**  
5 **HOME LOAN BANK SYSTEM.**

6 Section 10 of the Federal Home Loan Bank Act (12  
7 U.S.C. 1430) is amended by adding at the end the follow-  
8 ing new subsection:

9 “(k) MEETING UNMET HOUSING AND COMMUNITY  
10 DEVELOPMENT NEEDS.—

11 “(1) IN GENERAL.—Subject to paragraph (2),  
12 the Federal home loan banks may establish pro-  
13 grams and engage in activities to meet housing fi-  
14 nance and community development needs in quali-  
15 fied distressed communities that cannot be met or  
16 are not being met by the private sector of the econ-  
17 omy.

18 “(2) NOTICE PROCEDURES.—

19 “(A) NOTICE REQUIREMENT.—A Federal  
20 home loan bank may not engage in any new  
21 program or activity under paragraph (1) with-  
22 out providing the Board with written notice of  
23 the proposed program or activity at least 30  
24 days before the program or activity is proposed  
25 to commence.

1           “(B) NOTICE OF DISAPPROVAL.—Any no-  
2           tice filed under this subsection shall be deemed  
3           to be approved by the Board unless, before the  
4           end of the 30-day period beginning on the date  
5           the Board receives a notice under subparagraph  
6           (A), the Board issues an order disapproving the  
7           program or activity and setting forth the rea-  
8           sons for disapproval.

9           “(C) APPROVAL BEFORE END OF PE-  
10          RIOD.—

11           “(i) IN GENERAL.—Any transaction  
12           or activity may commence before the expi-  
13           ration of any period for disapproval estab-  
14           lished under this paragraph if the Board  
15           issues a written notice of approval.

16           “(ii) SHORTER PERIODS BY REGULA-  
17           TION.—The Board may prescribe regula-  
18           tions which provide for no notice under  
19           this paragraph or for a shorter notice pe-  
20           riod with respect to particular programs or  
21           activities.”.

22 **SEC. 302. GOVERNMENT SPONSORED ENTERPRISE PUR-**  
23 **CHASE GOALS.**

24           (a) LOW- AND MODERATE-INCOME HOUSING  
25 GOALS.—Section 1332(a) of the Federal Housing Enter-

1 prises Financial Safety and Soundness Act of 1992 is  
2 amended by adding at the end the following new sentence:  
3 “The Secretary shall establish a separate specific goal  
4 under this section for the purchase by each enterprise of  
5 mortgages originated by community development organi-  
6 zations as such term is described in section 234 of the  
7 Bank Enterprise Act of 1991.”.

8 (b) SPECIAL AFFORDABLE HOUSING GOALS.—Sec-  
9 tion 1333(a) of the Federal Housing Enterprises Finan-  
10 cial Safety and Soundness Act of 1992 is amended by add-  
11 ing at the end the following new sentence: “The Secretary  
12 shall establish a separate specific goal under this section  
13 for the purchase by each enterprise of mortgages origi-  
14 nated by community development organizations as such  
15 term is described in section 234 of the Bank Enterprise  
16 Act of 1991.”.

17 (c) HOUSING GOALS FOR UNDERSERVED AREAS.—  
18 Section 1334(a) of the Federal Housing Enterprises Fi-  
19 nancial Safety and Soundness Act of 1992 is amended by  
20 adding at the end the following new sentence: “The Sec-  
21 retary shall establish a separate specific goal under this  
22 section for the purchase by each enterprise of mortgages  
23 originated by community development organizations as  
24 such term is described in section 234 of the Bank Enter-  
25 prise Act of 1991.”.

1 (d) ADDITIONAL REQUIREMENTS.—Section 1335 of  
2 the Federal Housing Enterprises Financial Safety and  
3 Soundness Act of 1992 is amended—

4 (1) by striking “and” at the end of paragraph  
5 (3);

6 (2) by striking the period at the end of para-  
7 graph (4) and inserting in lieu thereof “; and”; and

8 (3) by inserting at the end the following new  
9 paragraph:

10 “(5) assist community development organiza-  
11 tions (as such term is described in section 234 of the  
12 Bank Enterprise Act of 1991) to develop the institu-  
13 tional capacity to assist low- and moderate-income  
14 families with the purchase of their first home.”.

15 **SEC. 303. QUALIFIED THRIFT LENDER TEST.**

16 Section 10(m)(4)(C)(ii) of the Home Owners’ Loan  
17 Act (12 U.S.C. 1467a(m)(4)(C)(ii)) is amended by insert-  
18 ing at the end the following subclause:

19 “(VII) Loans or extensions of  
20 credit for the purchase, improvement,  
21 or construction of churches, schools,  
22 nursing homes or hospitals located  
23 within, and loans or extensions of  
24 credit for any purposes to any small  
25 businesses located within, a qualified

1 distressed community as defined in  
2 section 233(b) of the Bank Enterprise  
3 Act of 1991.”.

4 **SEC. 304. MICROLOAN GUARANTEE DEMONSTRATION PRO-**  
5 **GRAM.**

6 (a) **PURPOSES.**—Section 7(m)(1)(A)(iii) of the Small  
7 Business Act is amended by redesignating subclauses (II),  
8 (III), and (IV) as subclauses (III), (IV), and (V), respec-  
9 tively, and inserting after subclause (I) the following new  
10 subclause (II):

11 “(II) to establish a model pro-  
12 gram to determine the feasibility of  
13 developing a private secondary market  
14 for loans guaranteed under this sub-  
15 section to enhance the availability of  
16 credit to small business concerns for  
17 working capital or the acquisition of  
18 material, supplies, or equipment.”.

19 (b) **ESTABLISHMENT.**—Section 7(m)(1)(B) of the  
20 Small Business Act is amended by striking out “direct  
21 loans” in clause (i), and inserting in lieu thereof the fol-  
22 lowing: “loans (either directly or through agreements to  
23 participate on a guaranteed basis)”;

24 (c) **ELIGIBILITY FOR PARTICIPATION.**—Section  
25 7(m)(2)(B) of the Small Business Act is amended—

1           (1) in subparagraph (A), by striking “(10)”  
2           and inserting in lieu thereof “(12)”; and

3           (2) in subparagraph (B), by striking the period  
4           at the end and inserting in lieu thereof the following:  
5           “or has demonstrated to the satisfaction of the Ad-  
6           ministration a commitment to establish a microloan  
7           program that includes intensive marketing, manage-  
8           ment, and technical assistance to its borrowers.”.

9           (d) TERMS AND CONDITIONS.—Section 7(m)(3)(F)  
10          of the Small Business Act is amended by adding the fol-  
11          lowing new clause after clause (v):

12                               “(vi) Notwithstanding any other re-  
13                               quirement of this subparagraph, the Ad-  
14                               ministration may provide such terms and  
15                               conditions, including interest rate require-  
16                               ments and percentage of guarantee but not  
17                               less than 90 percent, as it deems appro-  
18                               priate for purposes of making loan guaran-  
19                               tees under this subsection.”.

20          (e) PORTFOLIO REQUIREMENT.—Section 7(m)(6)(B)  
21          of the Small Business Act is amended by inserting after  
22          “practicable” the following: “and except as provided by  
23          the Administration with regard to loan guarantees made  
24          under this subsection”.

1 (f) MODEL PROGRAM TO ESTABLISH A SECONDARY  
2 MARKET FOR GUARANTEED LOANS.—Section 7(m) of the  
3 Small Business Act is amended by redesignating para-  
4 graphs (10) and (11) as paragraphs (11) and (12), respec-  
5 tively, and by inserting after paragraph (9) the following  
6 new paragraph (10):

7 “(10) MODEL PROGRAM FOR ESTABLISHING A  
8 SECONDARY MARKET FOR GUARANTEED LOANS.—  
9 The Administration is authorized to establish a  
10 model program to determine the feasibility of devel-  
11 oping a private secondary market for loans guaran-  
12 teed under this subsection (including the guarantee-  
13 ing of locally originated loan pools) to enhance the  
14 availability of credit to small business concerns for  
15 working capital or the acquisition of material, sup-  
16 plies, or equipment.”.

17 (g) REPORT TO CONGRESS.—Section 7(m)(11) of the  
18 Small Business act (as redesignated by this section) is  
19 amended—

20 (1) in subparagraph (F), by striking “and”  
21 after the semicolon; and

22 (2) redesignating subparagraph (G) as subpara-  
23 graph (H), and inserting after subparagraph (F) the  
24 following new subparagraph (G):

1           “(G) a description of the loan guarantee  
2           program, including the extent to which credit  
3           may be made available to small businesses  
4           through a private secondary market for small  
5           business loan guarantees and the cost to the  
6           Federal Government for making such guaran-  
7           tees available; and”.

8           (h) DEFINITIONS.—Section 7(m)(12) of the Small  
9           Businesses Act (as redesignated by this section) is amend-  
10          ed—

11           (1) in clause (iii), by striking “or” after the  
12          semicolon;

13           (2) by inserting after clause (iv), the following:

14                   “(v) any insured depository institution  
15                   (as such term is defined in section 3(c)(2)  
16                   of the Federal Deposit Insurance Act);

17                   “(vi) any insured credit union (as  
18                   such term is defined in section 101(7) of  
19                   the Federal Credit Union Act); or

20                   “(vii) any community development or-  
21                   ganization (as such term is described in  
22                   section 234 of the Bank Enterprise Act of  
23                   1991).”.

1           **TITLE IV—CREDIT UNION**  
2                           **AMENDMENTS**

3   **SEC. 401. COMMUNITY DEVELOPMENT CREDIT UNIONS.**

4           (a) Section 101(5) of the Federal Credit Union Act  
5 (12 U.S.C. 1752(5)) is amended by striking “in the case  
6 of a credit union serving predominantly low-income mem-  
7 bers (as defined by the Board)” and inserting “in the case  
8 of a community development credit union as defined in  
9 subsection (10)”.

10          (b) Section 101 of the Federal Credit Union Act (12  
11 U.S.C. 1752) is amended by adding at the end the follow-  
12 ing:

13                   “(10) In determining whether a State or Fed-  
14 eral credit union may be treated as a community de-  
15 velopment credit union for purposes of this Act and  
16 the Community Development Credit Union Revolv-  
17 ing Loan Fund Transfer Act, the Board may con-  
18 sider whether the institution—

19                           “(A) serves predominantly members whose  
20 median household incomes are below 80 percent  
21 of the national median, or who make less than  
22 80 percent of the average for all wage earners  
23 as established by the Bureau of Labor Statis-  
24 tics; or

1           “(B) serves predominately low- and mod-  
2           erate-income minorities.”.

3 **SEC. 402. COMMUNITY DEVELOPMENT REVOLVING LOAN**  
4           **FUND AND TECHNICAL ASSISTANCE.**

5           (a) Section 120 of the Federal Credit Union Act (12  
6 U.S.C. 1766) is amended by striking subsection (k).

7           (b) The Federal Credit Union Act is amended by in-  
8 serting after section 129 (12 U.S.C. 1772c) the following  
9 new section:

10 **“SEC. 130. COMMUNITY DEVELOPMENT REVOLVING LOAN**  
11           **FUND FOR CREDIT UNIONS.**

12           “(a) IN GENERAL.—Notwithstanding any other pro-  
13 vision of law, the Board may exercise the authority grant-  
14 ed to the Board by the Community Development Credit  
15 Union Revolving Loan Fund Transfer Act, including any  
16 additional appropriation made and earnings accrued, sub-  
17 ject only to this section and to regulations prescribed by  
18 the Board.

19           “(b) INVESTMENT OF FUND BALANCES.—

20           “(1) IN GENERAL.—The Board may invest  
21 money in the Community Development Credit Union  
22 Revolving Loan Fund which the Board determines is  
23 not immediately needed for other purposes in securi-  
24 ties issued by the Secretary of the Treasury under  
25 chapter 31, of title 31, United States Code.

1           “(2) TREATMENT OF INTEREST.—Any interest  
2           which accrues on any securities described in para-  
3           graph (1) shall be deposited in and become a part  
4           of the Fund.

5           “(c) MATCHING REQUIREMENTS AUTHORIZED.—The  
6           Board may require that any loans made from the Fund  
7           be matched by an increase in the number of shares in the  
8           borrower credit union.

9           “(d) ALLOCATION OF INTEREST.—Interest earned by  
10          the Fund may be allocated by the Board for technical as-  
11          sistance to community development credit unions.”.

## 12                           **TITLE V—CONSUMER** 13                           **EDUCATION**

### 14   **SEC. 501. CONSUMER EDUCATION PROGRAMS.**

15          (a) IN GENERAL.—The appropriate Federal banking  
16          agencies (as defined in section 3(q) of the Federal Deposit  
17          Insurance Act) shall, to the extent practicable, encourage  
18          insured depository institutions to offer or sponsor edu-  
19          cational services for consumers residing in qualified dis-  
20          tressed communities (as defined in section 233(b) of the  
21          Bank Enterprise Act of 1991) located in the service area  
22          of such institutions, relating to the financial products and  
23          services offered by the institution.

24          (b) EDUCATIONAL SERVICES.—The educational serv-  
25          ices sponsored or offered by insured depository institutions

1 as described in subsection (a) shall, to the extent prac-  
2 ticable, include a course in personal finance designed for  
3 persons in a qualified distressed community and such  
4 course may include information related to the following:

5 (1) Consumer credit laws and consumer rights  
6 and obligations.

7 (2) The credit process and how to obtain a  
8 loan.

9 (3) The meaning and significance of entries on  
10 a consumer report (as defined in section 603(d) of  
11 the Fair Credit Reporting Act).

12 (4) Basic banking and personal finances.

13 (5) Development of an individual financial plan  
14 and budget.

15 **SEC. 502. CREDIT REPORTS.**

16 (a) INSURED DEPOSITORY INSTITUTIONS.—Any in-  
17 sured depository institution that sponsors or offers a  
18 course for consumers residing in a qualified distressed  
19 community as described in section 501(b) of the Bank En-  
20 terprise Act Amendments of 1993 may, in its discretion  
21 and to the extent practicable, report the names of any  
22 consumer who completes such course to any consumer re-  
23 porting agency (as defined in section 603(f) of the Fair  
24 Credit Reporting Act) to which the institution regularly re-  
25 ports credit information on consumers.

1           (b) CONSUMER REPORTING AGENCIES.—Any  
2 consumer report furnished by a consumer reporting agen-  
3 cy on any consumer residing in a qualified distressed com-  
4 munity who has completed an educational course spon-  
5 sored or offered by an insured depository institution as  
6 described in section 501(b) of the Bank Enterprise Act  
7 Amendments of 1993 may, to the extent practicable, in-  
8 clude an indication of the completion of such course if the  
9 consumer reporting agency has received notice of the  
10 course completion from the institution.

11 **SEC. 503. CREDIT CARDS.**

12           Insured depository institutions are encouraged to  
13 sponsor or offer courses for consumers residing in quali-  
14 fied distressed communities as described in section 501(b)  
15 of the Bank Enterprise Act Amendments of 1993, and at  
16 their discretion and to the extent practicable, offer  
17 consumer financial services otherwise available at such in-  
18 stitution, including consumer credit card services, to such  
19 consumers who complete such course and qualify for such  
20 financial services.

21                   **TITLE VI—COMMUNITY**  
22                   **DEVELOPMENT TASK FORCE**

23 **SEC. 601. TASK FORCE.**

24           (a) IN GENERAL.—The President shall appoint a  
25 community development task force to review the progress

1 being made by the appropriate Federal agencies and in-  
2 strumentalities in implementing the policies and programs  
3 established by this Act and amendments made by this Act  
4 and the Bank Enterprise Act of 1991.

5 (b) REPORT.—The community development task  
6 force appointed under subsection (a) shall submit a report  
7 to the Congress by the end of the 2-year period beginning  
8 on the date of the enactment of this Act containing a de-  
9 tailed summary of the task force’s findings in connection  
10 with the review conducted under subsection (a) and such  
11 recommendations for legislative or administrative action  
12 as the task force may determine to be appropriate.

13 (c) CHAIRPERSON.—The chairman of the Neighbor-  
14 hood Reinvestment Corporation shall serve as the chair-  
15 person of the community development task force.

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