Suspend the Rules and Pass the Bill, H.R. 5322, With an Amendment

(The amendment strikes all after the enacting clause and inserts a new text)

116TH CONGRESS
1ST SESSION

H. R. 5322

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

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IN THE HOUSE OF REPRESENTATIVES

DECEMBER 5, 2019

Mr. MEEKS (for himself, Mr. GREEN of Texas, Ms. TLAIB, Mr. CLEAVER, Mr. DAVID SCOTT of Georgia, Mr. CLAY, and Mrs. BEATTY) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Small Business, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

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

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Be it enacted by the Senate and House of Representa-

tives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Ensuring Diversity in Community Banking Act of 2019”.

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

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

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

The sense of Congress is the following:

(1) The Community Development Financial Institutions Fund (the “CDFI Fund”) is an agency of the Department of the Treasury, and was established by the Riegle Community Development and Regulatory Improvement Act of 1994. The mission of the CDFI Fund is “to expand economic opportunity for underserved people and communities by
supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers”. A community development financial institution (a “CDFI”) is a specialized financial institution serving low-income communities and a Community Development Entity (a “CDE”) is a domestic corporation or partnership that is an intermediary vehicle for the provision of loans, investments, or financial counseling in low-income communities. The CDFI Fund certifies CDFIs and CDEs. Becoming a certified CDFI or CDE allows organizations to participate in various CDFI Fund programs as follows:

(A) The Bank Enterprise Award Program, which provides FDIC-insured depository institutions awards for a demonstrated increase in lending and investments in distressed communities and CDFIs.

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

(C) The Native American CDFI Assistance Program, which provides CDFIs and spon-
soring entities Financial and Technical Assist-
ance awards to increase lending and grow the
number of CDFIs owned by Native Americans
to help build capacity of such CDFIs.

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

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

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

(2) The Department of the Treasury is author-
ized to create multi-year grant programs designed to
encourage low-to-moderate income individuals to es-

tablish accounts at federally insured banks, and to
improve low-to-moderate income individuals’ access
to such accounts on reasonable terms.

(3) Under this authority, grants to participants
in CDFI Fund programs may be used for loan-loss
reserves and to establish small-dollar loan programs by subsidizing related losses. These grants also allow for the providing recipients with the financial counseling and education necessary to conduct transactions and manage their accounts. These loans provide low-cost alternatives to payday loans and other nontraditional forms of financing that often impose excessive interest rates and fees on borrowers, and lead millions of Americans to fall into debt traps. Small-dollar loans can only be made pursuant to terms, conditions, and practices that are reasonable for the individual consumer obtaining the loan.

(4) Program participation is restricted to eligible institutions, which are limited to organizations listed in section 501(c)(3) of the Internal Revenue Code and exempt from tax under 501(a) of such Code, federally insured depository institutions, community development financial institutions and State, local, or Tribal government entities.

(5) Since its founding, the CDFI Fund has awarded over $3,300,000,000 to CDFIs and CDEs, allocated $54,000,000,000 in tax credits, and $1,510,000,000 in bond guarantees. According to the CDFI Fund, some programs attract as much as $10 in private capital for every $1 invested by the
CDFI Fund. The Administration and the Congress should prioritize appropriation of funds for the loan loss reserve fund and technical assistance programs administered by the Community Development Financial Institution Fund.

SEC. 3. DEFINITIONS.

In this Act:

(1) COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.—The term “community development financial institution” has the meaning given under section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702).

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

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

Section 308(b)(1) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note) is amended—
(1) by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively;

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

“(A) any”; and

(3) in clause (iii) (as so redesignated), by striking the period at the end and inserting “; or”; and

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

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

“(i) more than 50 percent of the outstanding shares of which are held by 1 or more women; and

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

SEC. 5. ESTABLISHMENT OF IMPACT BANK DESIGNATION.

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

(b) Notification of Eligibility.—Based on data obtained through examinations of depository institutions, the appropriate Federal banking agency shall notify a depository institution if the institution is eligible to be designated as an impact bank.

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

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

   (2) demonstrating that the depository institution meets the applicable qualifications.

(d) Limitation on Additional Data Requirements.—The Federal banking agencies may only impose additional data collection requirements on a depository institution under this section if such data is—

   (1) necessary to process an application submitted by the depository institution to be designated an impact bank; or

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

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

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

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

(2) file an appeal of such determination.

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

(h) REPORTS.—Each Federal banking agency shall
submit an annual report to the Congress containing a de-
scription of actions taken to carry out this section.
(i) **Federal Deposit Insurance Act Definitions.**—In this section, the terms “depository institution”, “appropriate Federal banking agency”, and “Federal banking agency” have the meanings given such terms, respectively, in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

SEC. 6. MINORITY DEPOSITORIES ADVISORY COMMITTEES.

(a) **Establishment.**—Each covered regulator shall establish an advisory committee to be called the “Minority Depositories Advisory Committee”.

(b) **Duties.**—Each Minority Depositories Advisory Committee shall provide advice to the respective covered regulator on meeting the goals established by section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note) to preserve the present number of covered minority institutions, preserve the minority character of minority-owned institutions in cases involving mergers or acquisitions, provide technical assistance, and encourage the creation of new covered minority institutions. The scope of the work of each such Minority Depositories Advisory Committee shall include an assessment of the current condition of covered minority institutions, what regulatory changes or other steps the respective agencies may be able to take to fulfill
the requirements of such section 308, and other issues of concern to covered minority institutions.

(c) Membership.—

(1) In general.—Each Minority Depositories Advisory Committee shall consist of no more than 10 members, who—

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

(B) shall serve as a representative of a depository institution or an insured credit union with respect to which the respective covered regulator is the covered regulator of such depository institution or insured credit union; and

(C) shall not receive pay by reason of their service on the advisory committee, but may receive travel or transportation expenses in accordance with section 5703 of title 5, United States Code.

(2) Diversity.—To the extent practicable, each covered regulator shall ensure that the members of the Minority Depositories Advisory Committee of such agency reflect the diversity of covered minority institutions.

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

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

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

(B) invite the attendance at each meeting of the Minority Depositories Advisory Committee of—

(i) one member of the majority party and one member of the minority party of the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate; and

(ii) one member of the majority party and one member of the minority party of any relevant subcommittees of such committees.
(e) No Termination of Advisory Committees.—The termination requirements under section 14 of the Federal Advisory Committee Act (5 U.S.C. app.) shall not apply to a Minority Depositories Advisory Committee established pursuant to this section.

(f) Definitions.—In this section:

(1) Covered Regulator.—The term “covered regulator” means the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration.

(2) Covered Minority Institution.—The term “covered minority institution” means a minority depository institution (as defined in section 308(b) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note)).

(3) Depository Institution.—The term “depository institution” has the meaning given under section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(4) Insured Credit Union.—The term “insured credit union” has the meaning given in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).
(g) TECHNICAL AMENDMENT.—Section 308(b) of the
Financial Institutions Reform, Recovery, and Enforce-
ment Act of 1989 (12 U.S.C. 1463 note) is amended by
adding at the end the following new paragraph:

“(3) DEPOSITORY INSTITUTION.—The term ‘de-
pository institution’ means an ‘insured depository in-
stitution’ (as defined in section 3 of the Federal De-
posit Insurance Act (12 U.S.C. 1813)) and an in-
sured credit union (as defined in section 101 of the
Federal Credit Union Act (12 U.S.C. 1752)).”.

SEC. 7. FEDERAL DEPOSITS IN MINORITY DEPOSITORY IN-
STITUTIONS.

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

(1) by adding at the end the following new sub-
section:

“(d) FEDERAL DEPOSITS.—The Secretary of the
Treasury shall ensure that deposits made by Federal agen-
cies in minority depository institutions and impact banks
are collateralized or insured, as determined by the Sec-
retary. Such deposits shall include reciprocal deposits as
defined in section 337.6(e)(2)(v) of title 12, Code of Fed-
eral Regulations (as in effect on March 6, 2019).”;
and
(2) in subsection (b), as amended by section 6(g), by adding at the end the following new paragraph:

“(4) IMPACT BANK.—The term ‘impact bank’ means a depository institution designated by the appropriate Federal banking agency pursuant to section 5 of the Ensuring Diversity in Community Banking Act of 2019.”.

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

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

(2) in the paragraph heading for paragraph (1), by striking “FINANCIAL” and inserting “DEPOSITORY”.

SEC. 8. MINORITY BANK DEPOSIT PROGRAM.

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

“SEC. 1204. EXPANSION OF USE OF MINORITY DEPOSITORY INSTITUTIONS.

“(a) MINORITY BANK DEPOSIT PROGRAM.—

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

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

“(A) on application by a depository institution or credit union, certify whether such depository institution or credit union is a minority depository institution;

“(B) maintain and publish a list of all depository institutions and credit unions that have been certified pursuant to subparagraph (A); and

“(C) periodically distribute the list described in subparagraph (B) to—

“(i) all Federal departments and agencies;

“(ii) interested State and local governments; and

“(iii) interested private sector companies.

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

“(b) Expanded Use Among Federal Departments and Agencies.—

“(1) In General.—Not later than 1 year after
the establishment of the program described in subsection (a), the head of each Federal department or
agency shall develop and implement standards and
procedures to prioritize, to the maximum extent pos-
sible as permitted by law and consistent with prin-
ciples of sound financial management, the use of mi-
nority depository institutions to hold the deposits of
each such department or agency.

“(2) Report to Congress.—Not later than 2
years after the establishment of the program de-
scribed in subsection (a), and annually thereafter,
the head of each Federal department or agency shall
submit to Congress a report on the actions taken to
increase the use of minority depository institutions
to hold the deposits of each such department or
agency.

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

“(1) Credit Union.—The term ‘credit union’
has the meaning given the term ‘insured credit

“(2) DEPOSITORY INSTITUTION.—The term ‘depository institution’ has the meaning given in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

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

(b) CONFORMING AMENDMENTS.—The following provisions are amended by striking “1204(c)(3)” and inserting “1204(c)”:

(1) Section 808(b)(3) of the Community Reinvestment Act of 1977 (12 U.S.C. 2907(b)(3)).

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

(3) Section 704B(h)(4) of the Equal Credit Opportunity Act (15 U.S.C. 1691e–2(h)(4)).

SEC. 9. DIVERSITY REPORT AND BEST PRACTICES.

(a) ANNUAL REPORT.—Each covered regulator shall submit to Congress an annual report on diversity including the following:

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

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

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

(4) Whether any special training is developed and provided for examiners related specifically to working with depository institutions and credit unions that serve communities that are predominantly minorities, low income, or rural, and the key focus of such training.

(b) BEST PRACTICES.—Each Office of Minority and Women Inclusion of a covered regulator shall develop, provide to the head of the covered regulator, and make publicly available best practices—

(1) for increasing the diversity of candidates applying for examiner positions, including through outreach efforts to recruit diverse candidate to apply for entry-level examiner positions; and
(2) for retaining and providing fair consideration for promotions within the examiner staff for purposes of achieving diversity among examiners.

(c) COVERED REGULATOR DEFINED.—In this section, the term “covered regulator” means the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration.

SEC. 10. INVESTMENTS IN MINORITY DEPOSITORY INSTITUTIONS AND IMPACT BANKS.

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

“(B) ‘control’ means the power, directly or indirectly—

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

“(ii)(I) with respect to an insured depository institution, of a person to vote 25 percent or more of any class of voting securities of such institution; or

“(II) with respect to an insured depository institution that is an impact bank (as designated pursuant to section 5 of the Ensuring Diversity in Community Banking Act of 2019)
or a minority depository institution (as defined
in section 308(b) of the Financial Institutions
Reform, Recovery, and Enforcement Act of
1989), of an individual to vote 30 percent or
more of any class of voting securities of such an
impact bank or a minority depository institu-
tion.”.

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

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

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

(2) the main challenges to the creation of de
novo minority depository institutions and de novo
impact banks; and
(3) regulatory and legislative considerations to promote the establishment of de novo minority depository institutions and de novo impact banks.

SEC. 11. REPORT ON COVERED MENTOR-PROTEGE PROGRAMS.

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

(1) an analysis of outcomes of such program;

(2) the number of minority depository institutions that are eligible to participate in such program but do not have large financial institution mentors; and

(3) recommendations for how to match such minority depository institutions with large financial institution mentors.

(b) DEFINITIONS.—In this section:

(1) COVERED MENTOR-PROTEGE PROGRAM.—The term “covered mentor-protege program” means a mentor-protege program established by the Secretary of the Treasury pursuant to section 45 of the Small Business Act (15 U.S.C. 657r).
(2) LARGE FINANCIAL INSTITUTION.—The term “large financial institution” means any entity—

(A) regulated by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, or the National Credit Union Administration; and

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

SEC. 12. CUSTODIAL DEPOSIT PROGRAM FOR COVERED MINORITY DEPOSITORY INSTITUTIONS AND IMPACT BANKS.

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

(b) REQUIREMENTS.—In issuing rules under subsection (a), the Secretary of the Treasury shall—

(1) consult with the Federal banking agencies;

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

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

(B) is compliant with applicable law; and

(3) ensure, to the extent practicable that the
rules do not conflict with goals described in section
308(a) of the Financial Institutions Reform, Recovery,
and Enforcement Act of 1989 (12 U.S.C. 1463
note).

(e) LIMITATIONS.—

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

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

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

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

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

(e) Definitions.—In this section:

(1) Covered bank.—The term “covered bank” means—

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

(B) a depository institution designated pursuant to section 5 of the Ensuring Diversity in Community Banking Act of 2019 that is well capitalized, as defined by the appropriate Federal banking agency.

(2) Insured amount.—The term “insured amount” means the amount that is the greater of—

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

(B) such higher amount negotiated between the Secretary of the Treasury and the Federal Deposit Insurance Corporation under which the Corporation will insure all deposits of such higher amount.
(3) **FEDERAL BANKING AGENCIES.**—The terms “appropriate Federal banking agency” and “Federal banking agencies” have the meaning given those terms, respectively, under section 3 of the Federal Deposit Insurance Act.

(4) **QUALIFYING ACCOUNT.**—The term “qualifying account” means any account established in the Department of the Treasury that—

- (A) is controlled by the Secretary; and
- (B) is expected to maintain a balance greater than $200,000,000 for the following 24-month period.

**SEC. 13. STREAMLINED COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION APPLICATIONS AND REPORTING.**

(a) **APPLICATION PROCESSES.**—Not later than 12 months after the date of the enactment of this Act and with respect to any person having assets under $3,000,000,000 that submits an application for deposit insurance with the Federal Deposit Insurance Corporation that could also become a community development financial institution, the Federal Deposit Insurance Corporation, in consultation with the Administrator of the Community Development Financial Institutions Fund, shall—
(1) develop systems and procedures to record necessary information to allow the Administrator to conduct preliminary analysis for such person to also become a community development financial institution; and

(2) develop procedures to streamline the application and annual certification processes and to reduce costs for such person to become, and maintain certification as, a community development financial institution.

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

(e) ANNUAL REPORT.—

(1) IN GENERAL.—Section 17(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1827(a)(1)) is amended—

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

(B) by redesignating subparagraph (F) as paragraph (G);

(C) by inserting after subparagraph (E) the following new subparagraph:
“(F) applicants for deposit insurance that could also become a community development financial institution (as defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994), a minority depository institution (as defined in section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989), or an impact bank (as designated pursuant to section 5 of the Ensuring Diversity in Community Banking Act of 2019); and”.

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

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

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

(b) REPORT TO CONGRESS.—Not later than 18 
months after the establishment of the task force described 
in subsection (a), the Administrator of the Small Business 
Administration shall submit to Congress a report on the 
findings of such task force.

SEC. 15. DISCRETIONARY SURPLUS FUNDS.

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

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