

**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)**

116<sup>TH</sup> CONGRESS  
1<sup>ST</sup> 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.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the  
3 “Ensuring Diversity in Community Banking Act of  
4 2019”.

5 (b) **TABLE OF CONTENTS.**—The table of contents for  
6 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.

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

9 The sense of Congress is the following:

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

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

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

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

24 (C) The Native American CDFI Assistance  
25 Program, which provides CDFIs and spon-

1           soring entities Financial and Technical Assist-  
2           ance awards to increase lending and grow the  
3           number of CDFIs owned by Native Americans  
4           to help build capacity of such CDFIs.

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

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

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

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

24          (3) Under this authority, grants to participants  
25          in CDFI Fund programs may be used for loan-loss

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

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

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

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

6 **SEC. 3. DEFINITIONS.**

7 In this Act:

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

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

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

22 Section 308(b)(1) of the Financial Institutions Re-  
23 form, Recovery, and Enforcement Act of 1989 (12 U.S.C.  
24 1463 note) is amended—

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

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

5 “(A) any”; and

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

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

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

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

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

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

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

1 depository institution to low-income borrowers is greater  
2 than or equal to 50 percent of the assets of such bank.

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

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

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

14 (2) demonstrating that the depository institu-  
15 tion meets the applicable qualifications.

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

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

23 (2) with respect to a depository institution that  
24 is designated as an impact bank, necessary to ensure

1 the depository institution's ongoing qualifications to  
2 maintain such designation.

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

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

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

16 (2) file an appeal of such determination.

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

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

1 (i) FEDERAL DEPOSIT INSURANCE ACT DEFINI-  
2 TIONS.—In this section, the terms “depository institu-  
3 tion”, “appropriate Federal banking agency”, and “Fed-  
4 eral banking agency” have the meanings given such terms,  
5 respectively, in section 3 of the Federal Deposit Insurance  
6 Act (12 U.S.C. 1813).

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

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

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

1 the requirements of such section 308, and other issues of  
2 concern to covered minority institutions.

3 (c) MEMBERSHIP.—

4 (1) IN GENERAL.—Each Minority Depositories  
5 Advisory Committee shall consist of no more than  
6 10 members, who—

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

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

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

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

23 (d) MEETINGS.—

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

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

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

12          (B) invite the attendance at each meeting  
13    of the Minority Depositories Advisory Com-  
14    mittee of—

15           (i) one member of the majority party  
16           and one member of the minority party of  
17           the Committee on Financial Services of the  
18           House of Representatives and the Com-  
19           mittee on Banking, Housing, and Urban  
20           Affairs of the Senate; and

21           (ii) one member of the majority party  
22           and one member of the minority party of  
23           any relevant subcommittees of such com-  
24           mittees.

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

6 (f) DEFINITIONS.—In this section:

7 (1) COVERED REGULATOR.—The term “covered  
8 regulator” means the Comptroller of the Currency,  
9 the Board of Governors of the Federal Reserve Sys-  
10 tem, the Federal Deposit Insurance Corporation,  
11 and the National Credit Union Administration.

12 (2) COVERED MINORITY INSTITUTION.—The  
13 term “covered minority institution” means a minor-  
14 ity depository institution (as defined in section  
15 308(b) of the Financial Institutions Reform, Recov-  
16 ery, and Enforcement Act of 1989 (12 U.S.C. 1463  
17 note)).

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

22 (4) INSURED CREDIT UNION.—The term “in-  
23 sured credit union” has the meaning given in section  
24 101 of the Federal Credit Union Act (12 U.S.C.  
25 1752).

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

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

11 **SEC. 7. FEDERAL DEPOSITS IN MINORITY DEPOSITORY IN-**  
12 **STITUTIONS.**

13 (a) IN GENERAL.—Section 308 of the Financial In-  
14 stitutions Reform, Recovery, and Enforcement Act of  
15 1989 (12 U.S.C. 1463 note) is amended—

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

18 “(d) FEDERAL DEPOSITS.—The Secretary of the  
19 Treasury shall ensure that deposits made by Federal agen-  
20 cies in minority depository institutions and impact banks  
21 are collateralized or insured, as determined by the Sec-  
22 retary. Such deposits shall include reciprocal deposits as  
23 defined in section 337.6(e)(2)(v) of title 12, Code of Fed-  
24 eral Regulations (as in effect on March 6, 2019).”; and



1 Program' to expand the use of minority depository  
2 institutions.

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

5 “(A) on application by a depository institu-  
6 tion or credit union, certify whether such depos-  
7 itory institution or credit union is a minority  
8 depository institution;

9 “(B) maintain and publish a list of all de-  
10 pository institutions and credit unions that have  
11 been certified pursuant to subparagraph (A);  
12 and

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

15 “(i) all Federal departments and  
16 agencies;

17 “(ii) interested State and local govern-  
18 ments; and

19 “(iii) interested private sector compa-  
20 nies.

21 “(3) INCLUSION OF CERTAIN ENTITIES ON  
22 LIST.—A depository institution or credit union that,  
23 on the date of the enactment of this section, has a  
24 current certification from the Secretary of the  
25 Treasury stating that such depository institution or

1 credit union is a minority depository institution shall  
2 be included on the list described under paragraph  
3 (2)(B).

4 “(b) EXPANDED USE AMONG FEDERAL DEPART-  
5 MENTS AND AGENCIES.—

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

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

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

24 “(1) CREDIT UNION.—The term ‘credit union’  
25 has the meaning given the term ‘insured credit

1 union' in section 101 of the Federal Credit Union  
2 Act (12 U.S.C. 1752).

3 “(2) DEPOSITORY INSTITUTION.—The term ‘de-  
4 pository institution’ has the meaning given in section  
5 3 of the Federal Deposit Insurance Act (12 U.S.C.  
6 1813).

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

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

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

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

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

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

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

24 (1) Data, based on voluntary self-identification,  
25 on the racial, ethnic, and gender composition of the

1 examiners of each covered regulator, disaggregated  
2 by length of time served as an examiner.

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

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

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

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

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

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

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

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

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

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

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

18 “(ii)(I) with respect to an insured depository  
19 institution, of a person to vote 25 per cen-  
20 tum or more of any class of voting securities of  
21 such institution; or

22 “(II) with respect to an insured depository  
23 institution that is an impact bank (as des-  
24 ignated pursuant to section 5 of the Ensuring  
25 Diversity in Community Banking Act of 2019)

1 or a minority depository institution (as defined  
2 in section 308(b) of the Financial Institutions  
3 Reform, Recovery, and Enforcement Act of  
4 1989), of an individual to vote 30 percent or  
5 more of any class of voting securities of such an  
6 impact bank or a minority depository institu-  
7 tion.”.

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

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

18 (1) the principal causes for the low number of  
19 de novo minority depository institutions during the  
20 10-year period preceding the date of the report;

21 (2) the main challenges to the creation of de  
22 novo minority depository institutions and de novo  
23 impact banks; and

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

4 **SEC. 11. REPORT ON COVERED MENTOR-PROTEGE PRO-**  
5 **GRAMS.**

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

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

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

16           (3) recommendations for how to match such mi-  
17 nority depository institutions with large financial in-  
18 stitution mentors.

19           (b) DEFINITIONS.—In this section:

20           (1) COVERED MENTOR-PROTEGE PROGRAM.—

21           The term “covered mentor-protege program” means  
22 a mentor-protege program established by the Sec-  
23 retary of the Treasury pursuant to section 45 of the  
24 Small Business Act (15 U.S.C. 657r).

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

3                   (A) regulated by the Comptroller of the  
4           Currency, the Board of Governors of the Fed-  
5           eral Reserve System, the Federal Deposit In-  
6           surance Corporation, or the National Credit  
7           Union Administration; and

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

10 **SEC. 12. CUSTODIAL DEPOSIT PROGRAM FOR COVERED MI-**  
11 **NORITY DEPOSITORY INSTITUTIONS AND IM-**  
12 **PACT BANKS.**

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

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

20                   (1) consult with the Federal banking agencies;

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

23                   (A) has appropriate policies relating to  
24 management of assets, including measures to

1 ensure the safety and soundness of each such  
2 covered bank; and

3 (B) is compliant with applicable law; and

4 (3) ensure, to the extent practicable that the  
5 rules do not conflict with goals described in section  
6 308(a) of the Financial Institutions Reform, Recov-  
7 ery, and Enforcement Act of 1989 (12 U.S.C. 1463  
8 note).

9 (c) LIMITATIONS.—

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

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

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

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

23 (d) REPORT.—Each quarter, the Secretary of the  
24 Treasury shall submit to Congress a report on the imple-  
25 mentation of the program established under this section

1 including information identifying participating covered  
2 banks and the total amount of deposits received by covered  
3 banks under the program.

4 (e) DEFINITIONS.—In this section:

5 (1) COVERED BANK.—The term “covered bank”  
6 means—

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

10 (B) a depository institution designated  
11 pursuant to section 5 of the Ensuring Diversity  
12 in Community Banking Act of 2019 that is well  
13 capitalized, as defined by the appropriate Fed-  
14 eral banking agency.

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

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

21 (B) such higher amount negotiated be-  
22 tween the Secretary of the Treasury and the  
23 Federal Deposit Insurance Corporation under  
24 which the Corporation will insure all deposits of  
25 such higher amount.

1           (3) FEDERAL BANKING AGENCIES.—The terms  
2           “appropriate Federal banking agency” and “Federal  
3           banking agencies” have the meaning given those  
4           terms, respectively, under section 3 of the Federal  
5           Deposit Insurance Act.

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

9                   (A) is controlled by the Secretary; and

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

13 **SEC. 13. STREAMLINED COMMUNITY DEVELOPMENT FI-**  
14 **NANCIAL INSTITUTION APPLICATIONS AND**  
15 **REPORTING.**

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

1           (1) develop systems and procedures to record  
2           necessary information to allow the Administrator to  
3           conduct preliminary analysis for such person to also  
4           become a community development financial institu-  
5           tion; and

6           (2) develop procedures to streamline the appli-  
7           cation and annual certification processes and to re-  
8           duce costs for such person to become, and maintain  
9           certification as, a community development financial  
10          institution.

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

16          (c) ANNUAL REPORT.—

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

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

22                       (B) by redesignating subparagraph (F) as  
23                       subparagraph (G);

24                       (C) by inserting after subparagraph (E)  
25                       the following new subparagraph:

1           “(F) applicants for deposit insurance that  
2           could also become a community development fi-  
3           nancial institution (as defined in section 103 of  
4           the Riegle Community Development and Regu-  
5           latory Improvement Act of 1994), a minority  
6           depository institution (as defined in section 308  
7           of the Financial Institutions Reform, Recovery,  
8           and Enforcement Act of 1989), or an impact  
9           bank (as designated pursuant to section 5 of  
10          the Ensuring Diversity in Community Banking  
11          Act of 2019); and”.

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

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

18          (a) IN GENERAL.—Not later than 6 months after the  
19          date of the enactment of this Act, the Administrator of  
20          the Small Business Administration shall establish a task  
21          force to examine methods for improving relationships be-  
22          tween the Small Business Administration and community  
23          development financial institutions, minority depository in-  
24          stitutions, and Impact Banks to increase the volume of  
25          loans provided by such institutions to small business con-

1 cerns (as defined under section 3 of the Small Business  
2 Act (15 U.S.C. 632)).

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

8 **SEC. 15. DISCRETIONARY SURPLUS FUNDS.**

9 (a) IN GENERAL.—Subparagraph (A) of section  
10 7(a)(3) of the Federal Reserve Act (12 U.S.C.  
11 289(a)(3)(A)) is amended by reducing the dollar figure de-  
12 scribed in such subparagraph by \$1,400,000,000.

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