

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.

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

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

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Ensuring Diversity in Community Banking Act of  
6 2019”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
 2 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 Depository Institutions 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. Requirement to mentor minority depository institutions or community development financial institutions to serve as a depository or financial agent.
- 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.

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

5 The sense of Congress is the following:

6 (1) The Community Development Financial In-  
 7 stitutions Fund (the “CDFI Fund”) is an agency of  
 8 the Department of the Treasury, and was estab-  
 9 lished by the Riegle Community Development and  
 10 Regulatory Improvement Act of 1994. The mission  
 11 of the CDFI Fund is “to expand economic oppor-  
 12 tunity for underserved people and communities by  
 13 supporting the growth and capacity of a national  
 14 network of community development lenders, inves-  
 15 tors, and financial service providers”. A community  
 16 development financial institution (a “CDFI”) is a

1 specialized financial institution serving low-income  
2 communities and a Community Development Entity  
3 (a “CDE”) is a domestic corporation or partnership  
4 that is an intermediary vehicle for the provision of  
5 loans, investments, or financial counseling in low-in-  
6 come communities. The CDFI Fund certifies CDFIs  
7 and CDEs. Becoming a certified CDFI or CDE al-  
8 lows organizations to participate in various CDFI  
9 Fund programs as follows:

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

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

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

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

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

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

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

20          (3) Under this authority, grants to participants  
21          in CDFI Fund programs may be used for loan-loss  
22          reserves and to establish small-dollar loan programs  
23          by subsidizing related losses. These grants also allow  
24          for the providing recipients with the financial coun-  
25          seling and education necessary to conduct trans-

1 actions and manage their accounts. These loans pro-  
2 vide low-cost alternatives to payday loans and other  
3 nontraditional forms of financing that often impose  
4 excessive interest rates and fees on borrowers, and  
5 lead millions of Americans to fall into debt traps.  
6 Small-dollar loans can only be made pursuant to  
7 terms, conditions, and practices that are reasonable  
8 for the individual consumer obtaining the loan.

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

16 (5) Since its founding, the CDFI Fund has  
17 awarded over \$3,300,000,000 to CDFIs and CDEs,  
18 allocated \$54,000,000,000 in tax credits, and  
19 \$1,510,000,000 in bond guarantees. According to  
20 the CDFI Fund, some programs attract as much as  
21 \$10 in private capital for every \$1 invested by the  
22 CDFI Fund. The Administration and the Congress  
23 should prioritize appropriation of funds for the loan  
24 loss reserve fund and technical assistance programs  
25 administered by the Community Development Finan-

1 cial Institution Fund, as included in the version of  
2 the “Financial Services and General Government  
3 Appropriations Act, 2020” (H.R. 3351) that passed  
4 the House of Representatives on June, 26, 2019.

5 **SEC. 3. DEFINITIONS.**

6 In this Act:

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

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

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

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

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

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

3           “(A) any”; and

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

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

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

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

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

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

18           (a) **IN GENERAL.**—Each appropriate Federal bank-  
19 ing agency shall establish a program under which a deposi-  
20 tory institution with total consolidated assets of less than  
21 \$10,000,000,000 may elect to be designated as an impact  
22 bank if 50 percent or more of the loans extended by such  
23 covered bank are extended to low-income borrowers.

24           (b) **DESIGNATION.**—Based on data obtained through  
25 examinations, an appropriate Federal banking agency

1 shall submit a notification to a depository institution stat-  
2 ing that the depository institution qualifies for designation  
3 as an impact bank.

4 (c) APPLICATION.—A depository institution that does  
5 not receive a notification described in subsection (b) may  
6 submit an application to the appropriate Federal banking  
7 agency demonstrating that the depository institution  
8 qualifies for designation as an impact bank.

9 (d) ADDITIONAL DATA OR OVERSIGHT.—A deposi-  
10 tory institution is not required to submit additional data  
11 to an appropriate Federal banking agency or be subject  
12 to additional oversight from such an agency if such data  
13 or oversight is related specifically and solely for consider-  
14 ation for a designation as an impact bank.

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

21 (f) RECONSIDERATION OF DESIGNATION; AP-  
22 PEALS.—A depository institution may—

23 (1) submit to the appropriate Federal banking  
24 agency a request to reconsider a determination that



1 such depository institution no longer meets the cri-  
2 teria for the designation; or

3 (2) file an appeal in accordance with procedures  
4 established by the appropriate Federal banking  
5 agency.

6 (g) RULEMAKING.—Not later than 1 year after the  
7 date of the enactment of this Act, the appropriate Federal  
8 banking agencies shall jointly issue rules to carry out the  
9 requirements of this section, including by providing a defi-  
10 nition of a low-income borrower.

11 (h) FEDERAL DEPOSIT INSURANCE ACT DEFINI-  
12 TIONS.—In this section, the terms “depository institution”  
13 and “appropriate Federal banking agency” have the  
14 meanings given such terms, respectively, in section 3 of  
15 the Federal Deposit Insurance Act (12 U.S.C. 1813).

16 **SEC. 6. MINORITY DEPOSITORY INSTITUTIONS ADVISORY**  
17 **COMMITTEES.**

18 (a) ESTABLISHMENT.—Each covered regulator shall  
19 establish an advisory committee to be called the “Minority  
20 Depository Institutions Advisory Committee”.

21 (b) DUTIES.—Each Minority Depository Institutions  
22 Advisory Committee shall provide advice to the respective  
23 covered regulator on meeting the goals established by sec-  
24 tion 308 of the Financial Institutions Reform, Recovery,  
25 and Enforcement Act of 1989 (12 U.S.C. 1463 note) to

1 preserve the present number of covered minority institu-  
2 tions, preserve the minority character of minority-owned  
3 institutions in cases involving mergers or acquisitions, pro-  
4 vide technical assistance, and encourage the creation of  
5 new covered minority institutions. The scope of the work  
6 of each such Minority Depository Institutions Advisory  
7 Committee shall include an assessment of the current con-  
8 dition of covered minority institutions, what regulatory  
9 changes or other steps the respective agencies may be able  
10 to take to fulfill the requirements of such section 308, and  
11 other issues of concern to minority depository institutions.

12 (c) MEMBERSHIP.—

13 (1) IN GENERAL.—Each Minority Depository  
14 Institutions Advisory Committee shall consist of no  
15 more than 10 members, who—

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

17 (B) shall serve as a representative of a de-  
18 pository institution or an insured credit union  
19 with respect to which the respective covered  
20 regulator is the covered regulator of such de-  
21 pository institution or insured credit union; and

22 (C) shall not receive pay by reason of their  
23 service on the advisory committee, but may re-  
24 ceive travel or transportation expenses in ac-

1 cordance with section 5703 of title 5, United  
2 States Code.

3 (2) DIVERSITY.—To the extent practicable,  
4 each covered regulator shall ensure that the mem-  
5 bers of Minority Depository Institutions Advisory  
6 Committee of such agency reflect the diversity of de-  
7 pository institutions.

8 (d) MEETINGS.—

9 (1) IN GENERAL.—Each Minority Depository  
10 Institutions Advisory Committee shall meet not less  
11 frequently than twice each year.

12 (2) INVITATIONS.—Each Minority Depository  
13 Institutions Advisory Committee shall invite the at-  
14 tendance at each meeting of the Minority Depository  
15 Institutions Advisory Committee of—

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

22 (B) one member of the majority party and  
23 one member of the minority party of any rel-  
24 evant subcommittees of such committees.

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 Depository Institutions Advisory Com-  
5 mittee established 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)) or a minority credit union (as defined in sec-  
18 tion 1204(c) of the Financial Institutions Reform,  
19 Recovery, and Enforcement Act of 1989, as amend-  
20 ed by this Act).

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

1           (4) INSURED CREDIT UNION.—The term “in-  
2           sured credit union” has the meaning given in section  
3           101 of the Federal Credit Union Act (12 U.S.C.  
4           1752).

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

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

15 **SEC. 7. FEDERAL DEPOSITS IN MINORITY DEPOSITORY IN-**  
16 **STITUTIONS.**

17          (a) IN GENERAL.—Section 308 of the Financial In-  
18          stitutions Reform, Recovery, and Enforcement Act of  
19          1989 (12 U.S.C. 1463 note) is amended—

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

22          “(d) FEDERAL DEPOSITS.—The Secretary of the  
23          Treasury shall ensure that deposits made by Federal agen-  
24          cies in minority depository institutions and impact banks  
25          are fully collateralized or fully insured, as determined by

1 the Secretary. Such deposits shall include reciprocal de-  
2 posits as defined in section 337.6(e)(2)(v) of title 12, Code  
3 of Federal Regulations (as in effect on March 6, 2019).”;  
4 and

5 (2) in subsection (b), as amended by section  
6 6(g), by adding at the end the following new para-  
7 graph:

8 “(4) IMPACT BANK.—The term ‘impact bank’  
9 means a depository institution designated by an ap-  
10 propriate Federal banking agency pursuant to sec-  
11 tion 5 of the Ensuring Diversity in Community  
12 Banking Act of 2019.”.

13 (b) TECHNICAL AMENDMENTS.—Section 308 of the  
14 Financial Institutions Reform, Recovery, and Enforce-  
15 ment Act of 1989 (12 U.S.C. 1463 note) is amended—

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

18 (2) in the paragraph heading for paragraph (1),  
19 by striking “FINANCIAL” and inserting “DEPOSI-  
20 TORY”.

21 **SEC. 8. MINORITY BANK DEPOSIT PROGRAM.**

22 (a) IN GENERAL.—Section 1204 of the Financial In-  
23 stitutions Reform, Recovery, and Enforcement Act of  
24 1989 (12 U.S.C. 1811 note) is amended to read as follows:

1 **“SEC. 1204. EXPANSION OF USE OF MINORITY BANKS AND**  
2 **MINORITY CREDIT UNIONS.**

3 “(a) MINORITY BANK DEPOSIT PROGRAM.—

4 “(1) ESTABLISHMENT.—There is established a  
5 program to be known as the ‘Minority Bank Deposit  
6 Program’ to expand the use of minority banks and  
7 minority credit unions.

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

10 “(A) on application by a depository institu-  
11 tion or credit union, certify whether such depos-  
12 itory institution or credit union is a minority  
13 bank or minority credit union;

14 “(B) maintain and publish a list of all de-  
15 pository institutions and credit unions that have  
16 been certified pursuant to subparagraph (A);  
17 and

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

20 “(i) all Federal departments and  
21 agencies;

22 “(ii) interested State and local govern-  
23 ments; and

24 “(iii) interested private sector compa-  
25 nies.

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

9           “(b) EXPANDED USE AMONG FEDERAL DEPART-  
10 MENTS AND AGENCIES.—

11           “(1) IN GENERAL.—Not later than 1 year after  
12 the establishment of the program described in sub-  
13 section (a), the head of each Federal department or  
14 agency shall develop and implement standards and  
15 procedures to ensure, to the maximum extent pos-  
16 sible as permitted by law, the use of minority banks  
17 and minority credit unions to serve the financial  
18 needs of each such department or agency.

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



1 credit unions to serve the financial needs of each  
2 such department or agency.

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

4 “(1) CREDIT UNION.—The term ‘credit union’  
5 has the meaning given the term ‘insured credit  
6 union’ in section 101 of the Federal Credit Union  
7 Act (12 U.S.C. 1752).

8 “(2) DEPOSITORY INSTITUTION.—The term ‘de-  
9 pository institution’ has the meaning given the term  
10 ‘insured depository institution’ in section 3 of the  
11 Federal Deposit Insurance Act (12 U.S.C. 1813).

12 “(3) MINORITY.—The term ‘minority’ means  
13 any Black American, Native American, Hispanic  
14 American, or Asian American.

15 “(4) MINORITY BANK.—The term ‘minority  
16 bank’ means a minority depository institution as de-  
17 fined in section 308 of this Act.

18 “(5) MINORITY CREDIT UNION.—The term ‘mi-  
19 nority credit union’ means any credit union for  
20 which more than 50 percent of the membership (in-  
21 cluding board members) of such credit union are mi-  
22 nority individuals, as determined by the National  
23 Credit Union Administration pursuant to section  
24 308 of this Act.”.

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

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

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

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

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

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

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

18 (2) The status of any examiners of covered reg-  
19 ulators, based on voluntary self-identification, as a  
20 veteran.

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

1           (4) Whether any special training is developed  
2           and provided for examiners related specifically to  
3           working with banks that serve communities that are  
4           predominantly minorities, low income, or rural, and  
5           the key focus of such training.

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

10           (1) for increasing the diversity of candidates  
11           applying for examiner positions, including through  
12           outreach efforts to recruit diverse candidate to apply  
13           for entry-level examiner positions; and

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

17           (c) COVERED REGULATOR DEFINED.—In this sec-  
18 tion, the term “covered regulator” means the Comptroller  
19 of the Currency, the Board of Governors of the Federal  
20 Reserve System, the Federal Deposit Insurance Corpora-  
21 tion, and the National Credit Union Administration.

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

3 (a) CONTROL FOR CERTAIN INSTITUTIONS.—Section  
4 7(j)(8)(B) of the Federal Deposit Insurance Act (12  
5 U.S.C. 1817(j)(8)(B)) is amended to read as follows:

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

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

10 “(ii)(I) with respect to an insured depository  
11 institution, of a person to vote 25 per cen-  
12 tum or more of any class of voting securities of  
13 such institution; or

14 “(II) with respect to an insured depository  
15 institution that is an impact bank (as des-  
16 ignated pursuant to section 5 of the Ensuring  
17 Diversity in Community Banking Act of 2019)  
18 or a minority depository institution (as defined  
19 in section 308(b) of the Financial Institutions  
20 Reform, Recovery, and Enforcement Act of  
21 1989), of an individual to vote 30 percent of  
22 more of any class of voting securities of such an  
23 impact bank or a minority depository institu-  
24 tion.”.

25 (b) RULEMAKING.—The appropriate Federal banking  
26 agency (as defined in section 3 of the Federal Deposit In-

1 surance Act (12 U.S.C. 1813)) shall jointly issue rules for  
2 de novo minority depository institutions and de novo im-  
3 pact banks (as designated pursuant to section 5) to allow  
4 3 years to meet the capital requirements otherwise appli-  
5 cable to minority depository institutions and impact  
6 banks.

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

11 (1) the principal causes for the low number of  
12 de novo minority depository institutions during the  
13 10-year period preceding the date of the report;

14 (2) the main challenges to the creation of de  
15 novo minority depository institutions and de novo  
16 impact banks; and

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

20 **SEC. 11. REQUIREMENT TO MENTOR MINORITY DEPOSI-**  
21 **TORY INSTITUTIONS OR COMMUNITY DEVEL-**  
22 **OPMENT FINANCIAL INSTITUTIONS TO SERVE**  
23 **AS A DEPOSITORY OR FINANCIAL AGENT.**

24 (a) IN GENERAL.—Before a large financial institu-  
25 tion may be employed as a financial agent of the Depart-

1 ment of the Treasury or perform any reasonable duties  
2 as depository of public moneys of the Department of the  
3 Treasury, the large financial institution shall demonstrate  
4 participation as a mentor in a covered mentor-protege pro-  
5 gram to a protege firm that is a minority depository insti-  
6 tution or a community development financial institution.

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

12 (c) PROCEDURES.—The Secretary of the Treasury  
13 shall publish procedures for compliance with the require-  
14 ments of this section for large financial institutions.

15 (d) DEFINITIONS.—In this section:

16 (1) COVERED MENTOR-PROTEGE PROGRAM.—  
17 The term “covered mentor-protege program” means  
18 a mentor-protege program established by the Sec-  
19 retary of the Treasury pursuant to section 45 of the  
20 Small Business Act (15 U.S.C. 657r).

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

23 (A) regulated by the Comptroller of the  
24 Currency, the Board of Governors of the Fed-  
25 eral Reserve System, the Federal Deposit In-

1           surance Corporation, or the National Credit  
2           Union Administration; and

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

5 **SEC. 12. CUSTODIAL DEPOSIT PROGRAM FOR COVERED MI-**  
6 **NORITY DEPOSITORY INSTITUTIONS AND IM-**  
7 **PACT BANKS.**

8           (a) ESTABLISHMENT.—The Secretary of the Treas-  
9           ury shall establish a custodial deposit program (in this sec-  
10          tion referred to as the “Program”) under which a covered  
11          bank shall receive monthly deposits from a qualifying ac-  
12          count.

13          (b) APPLICATION.—A covered bank shall submit to  
14          the Secretary an application to participate in the Program  
15          at such time, in such manner, and containing such infor-  
16          mation as the Secretary may determine.

17          (c) PROGRAM OPERATIONS.—

18                  (1) DESIGNATION OF CUSTODIAL ENTITIES.—  
19                  The Secretary shall designate eligible custodial enti-  
20                  ties to make monthly deposits with covered banks se-  
21                  lected for participation in the Program on behalf of  
22                  a qualifying account.

23                  (2) CUSTODIAL ACCOUNTS.—

24                          (A) IN GENERAL.—The Secretary shall es-  
25                  tablish a custodial deposit account for each

1           qualifying account with the eligible custodial en-  
2           tity designated to make deposits with covered  
3           banks for each such qualifying account.

4           (B) AMOUNT.—The Secretary shall deposit  
5           a total amount not greater than 5 percent of a  
6           qualifying account into any custodial deposit ac-  
7           counts established under subparagraph (A).

8           (C) DEPOSITS WITH PROGRAM PARTICI-  
9           PANTS.—

10           (i) MONTHLY DEPOSITS.—Each  
11           month, each eligible custodial entity des-  
12           ignated by the Secretary shall deposit an  
13           amount not greater than the insured  
14           amount, in the aggregate, from each custo-  
15           dial deposit account, in a single covered  
16           bank.

17           (ii) LIMITATION.—With respect to the  
18           funds of an individual qualifying account,  
19           the eligible custodial entity may not de-  
20           posit an amount greater than the insured  
21           amount in a single covered bank.

22           (iii) INSURED AMOUNT DEFINED.—In  
23           this subparagraph, the term “insured  
24           amount” means the amount that is the  
25           greater of—



1 (I) the standard maximum de-  
2 posit insurance amount (as defined in  
3 section 11(a)(1)(E) of the Federal  
4 Deposit Insurance Act (12 U.S.C.  
5 1821(a)(1)(E))); or

6 (II) such higher amount nego-  
7 tiated between the Secretary and the  
8 Corporation under which the Corpora-  
9 tion will insure all deposits of such  
10 higher amount.

11 (D) LIMITATIONS.—The total amount of  
12 funds deposited under the Program in a covered  
13 bank may not exceed the lesser of—

14 (i) 10 percent of the average amount  
15 of deposits held by such covered bank in  
16 the previous quarter; or

17 (ii) \$100,000,000.

18 (3) INTEREST.—

19 (A) IN GENERAL.—Each eligible custodial  
20 entity designated by the Secretary shall—

21 (i) collect interest from each covered  
22 bank in which such custodial entity depos-  
23 its funds pursuant to paragraph (2); and

24 (ii) disburse such interest to the Sec-  
25 retary each month.

1 (B) INTEREST RATE.—The rate of any in-  
2 terest collected under this paragraph may not  
3 exceed 50 percent of the discount window pri-  
4 mary credit interest rate most recently pub-  
5 lished on the Federal Reserve Statistical Re-  
6 lease on selected interest rates (daily or week-  
7 ly), commonly referred to as the H.15 release  
8 (commonly known as the “Federal funds rate”).

9 (4) STATEMENTS.—Each eligible custodial enti-  
10 ty designated by the Secretary shall submit to the  
11 Secretary monthly statements that include the total  
12 amount of funds deposited with, and interest rate  
13 received from, each covered bank by the eligible cus-  
14 todial entity on behalf of qualifying entities.

15 (5) RECORDS.—The Secretary shall issue a  
16 quarterly report to Congress and make publicly  
17 available a record identifying all covered banks  
18 participatinig in the Program and amounts depos-  
19 ited under the Program in covered banks.

20 (d) REQUIREMENTS RELATING TO DEPOSITS.—De-  
21 posits made with covered banks under this section may  
22 not—

23 (1) be considered by the Corporation to be  
24 funds obtained, directly or indirectly, by or through  
25 any deposit broker for deposit into 1 or more deposit

1 accounts (as described under section 29 of the Fed-  
2 eral Deposit Insurance Act (12 U.S.C. 1831f)); or

3 (2) be subject to insurance fees from the Cor-  
4 poration that are greater than insurance fees for  
5 typical demand deposits not obtained, directly or in-  
6 directly, by or through any deposit broker (com-  
7 monly known as “core deposits”).

8 (e) MODIFICATIONS.—

9 (1) IN GENERAL.—The Secretary shall provide  
10 a 3-month period for public notice and comment be-  
11 fore making any material change to the operation of  
12 the Program.

13 (2) EXCEPTION.—The requirements of para-  
14 graph (1) shall not apply if the Secretary makes a  
15 material change to the Program to comply with safe-  
16 ty and soundness standards or other law.

17 (f) TERMINATION.—

18 (1) BY COVERED BANK.—A covered bank se-  
19 lected for participation in the Program pursuant to  
20 subsection (c) may terminate participation in the  
21 Program by providing the Secretary a notification  
22 60 days prior to termination.

23 (2) BY SECRETARY.—The Secretary may termi-  
24 nate the participation of a covered bank in the Pro-  
25 gram if the Secretary determines the covered bank—

1 (A) violated any terms of participation in  
2 the Program;

3 (B) failed to comply with Federal bank se-  
4 crecy laws, as documented in writing by the pri-  
5 mary regulator of the covered bank;

6 (C) failed to remain well capitalized; or

7 (D) failed comply with safety and sound-  
8 ness standards, as documented in writing by  
9 the primary regulator of the covered bank.

10 (g) DEFINITIONS.—In this section:

11 (1) CORPORATION.—The term “Corporation”  
12 means the Federal Deposit Insurance Corporation.

13 (2) COVERED BANK.—The term “covered bank”  
14 means—

15 (A) a minority depository institution that  
16 is regulated by the Corporation or the National  
17 Credit Union Administration that is well cap-  
18 italized (as defined in section 38(b) of the Fed-  
19 eral Deposit Insurance Act (12 U.S.C.  
20 1831o(b))); or

21 (B) a depository institution designated  
22 pursuant to section 5 of the Ensuring Diversity  
23 in Community Banking Act of 2019 that is well  
24 capitalized (as defined in section 38(b) of the

1 Federal Deposit Insurance Act (12 U.S.C.  
2 1831o(b)).

3 (3) ELIGIBLE CUSTODIAL ENTITY.—The term  
4 “eligible custodial entity” means—

5 (A) an insured depository institution (as  
6 defined in section 3 of the Federal Deposit In-  
7 surance Act (12 U.S.C. 1813)),

8 (B) an insured credit union (as defined in  
9 section 101 of the Federal Credit Union Act  
10 (12 U.S.C. 1752)), or

11 (C) or a well capitalized State-chartered  
12 trust company,

13 designated by the Secretary under subsection (c)(1).

14 (4) FEDERAL BANK SECRECY LAWS.—The term  
15 “Federal bank secrecy laws” means—

16 (A) section 21 of the Federal Deposit In-  
17 surance Act (12 U.S.C. 1829b);

18 (B) section 123 of Public Law 91–508;  
19 and

20 (C) subchapter II of chapter 53 of title 31,  
21 United States Code.

22 (5) QUALIFYING ACCOUNT.—The term “quali-  
23 fying account” means any account established in the  
24 Department of the Treasury that—

25 (A) is controlled by the Secretary; and

1 (B) is expected to maintain a balance  
2 greater than \$200,000,000 for the following  
3 calendar month.

4 (6) SECRETARY.—The term “Secretary” means  
5 the Secretary of the Treasury.

6 (7) WELL CAPITALIZED.—The term “well cap-  
7 italized” has the meaning given in section 38 of the  
8 Federal Deposit Insurance Act (12 U.S.C. 1831o).

9 **SEC. 13. STREAMLINED COMMUNITY DEVELOPMENT FI-**  
10 **NANCIAL INSTITUTION APPLICATIONS AND**  
11 **REPORTING.**

12 (a) APPLICATION PROCESSES.—Not later than 12  
13 months after the date of the enactment of this Act and  
14 with respect to any person having assets under  
15 \$3,000,000,000 that submits an application for deposit in-  
16 surance with the Federal Deposit Insurance Corporation  
17 that could also become a community development financial  
18 institution, the Federal Deposit Insurance Corporation, in  
19 consultation with the Administrator of the Community  
20 Development Financial Institutions Fund, shall—

21 (1) develop systems and procedures to record  
22 necessary information to allow the Administrator to  
23 conduct preliminary analysis for such person to also  
24 become a community development financial institu-  
25 tion; and

1           (2) develop procedures to streamline the appli-  
2           cation and annual certification processes and to re-  
3           duce costs for such person to become, and maintain  
4           certification as, a community development financial  
5           institution that serves low- and moderate-income  
6           neighborhoods (as defined under the Community Re-  
7           investment Act of 1977 (12 U.S.C. 2901 et seq.)).

8           (b) REPORT ON IMPLEMENTATION.—Not later than  
9           18 months after the date of the enactment of this Act,  
10          the Federal Deposit Insurance Corporation shall submit  
11          to Congress a report describing the systems and proce-  
12          dures required under subsection (a).

13          (c) ANNUAL REPORT.—

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

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

19                   (B) by redesignating subparagraph (F) as  
20                   subparagraph (G);

21                   (C) by inserting after subparagraph (E)  
22                   the following new subparagraph:

23                           “(F) applicants for deposit insurance that  
24                           could also become a community development fi-  
25                           nancial institution (as defined in section 103 of

1 the Riegle Community Development and Regu-  
2 latory Improvement Act of 1994), a minority  
3 depository institution (as defined in section 308  
4 of the Financial Institutions Reform, Recovery,  
5 and Enforcement Act of 1989), or an impact  
6 bank (as designated pursuant to section 5 of  
7 the Ensuring Diversity in Community Banking  
8 Act of 2019); and”.

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

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

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



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

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