A BILL

To amend the CARES Act to establish community investment programs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.
This Act may be cited as the “Jobs and Neighborhood Investment Act”.

SEC. 2. PURPOSE.
The purpose of this Act is to—

(1) establish programs to revitalize and provide long-term financial products and service availability
for, and provide investments in, low- and moderate-
income and minority communities;

(2) respond to the unprecedented loss of Black-
owned businesses and unemployment; and

(3) otherwise enhance the stability, safety and
soundness of community financial institutions that
support low- and moderate-income and minority
communities.

SEC. 3. CONSIDERATIONS; REQUIREMENTS FOR CREDI-
TORS.

(a) IN GENERAL.—In exercising the authorities
under this Act and the amendments made by this Act,
the Secretary of the Treasury shall take into consider-
ation—

(1) increasing the availability of affordable
credit for consumers, small businesses, and nonprofit
organizations, including for projects supporting af-
fordable housing, community-serving real estate, and
other projects, that provide direct benefits to low-
and moderate-income communities, low-income and
underserved individuals, and minorities;

(2) providing funding to minority-owned or mi-
nority-led eligible institutions and other eligible insti-
tutions that have a strong track record of serving
minority small businesses;
(3) protecting and increasing jobs in the United States;

(4) increasing the opportunity for small business, affordable housing and community development in geographic areas and demographic segments with poverty and high unemployment rates that exceed the average in the United States;

(5) ensuring that all low- and moderate-income community financial institutions may apply to participate in the programs established under this Act and the amendments made by this Act, without discrimination based on geography;

(6) providing transparency with respect to use of funds provided under this Act and the amendments made by this Act;

(7) promoting and engaging in financial education to would-be borrowers; and

(8) providing funding to eligible institutions that serve consumers, small businesses, and non-profit organizations to support affordable housing, community-serving real estate, and other projects that provide direct benefits to low- and moderate-income communities, low-income individuals, and minorities directly affected by the COVID–19 pandemic.
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(b) REQUIREMENT FOR CREDITORS.—Any creditor participating in a program established under this Act or the amendments made by this Act shall fully comply with all applicable statutory and regulatory requirements relating to fair lending.

SEC. 4. SENSE OF CONGRESS.

It is the sense of Congress that the investments made by the Secretary of the Treasury under this Act and the amendments made by this Act should be designed to maximize the benefit to low- and moderate-income and minority communities and contemplate losses to capital of the Treasury.

SEC. 5. NEIGHBORHOOD INVESTMENT PROGRAMS.

Title IV of the CARES Act (Public Law 116–136) is amended—

(1) in section 4002 (15 U.S.C. 9041)—

(A) by redesignating paragraphs (7) through (10) as paragraphs (8) through (11), respectively; and

(B) by inserting after paragraph (6) the following:

“(7) LOW- AND MODERATE-INCOME COMMUNITY FINANCIAL INSTITUTION.—The term ‘low- and moderate-income community financial institution’ means any financial institution that is—
“(A) a community development financial institution, as defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702); or

“(B) a minority depository institution, as defined in section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note), for which the majority of the community served by the minority depository institution is minority, as defined in such section.”;

(2) in section 4003 (15 U.S.C. 9042), by adding at the end the following:

“(i) NEIGHBORHOOD CAPITAL INVESTMENT PROGRAM.—

“(1) DEFINITIONS.—In this subsection—

“(A) the term ‘community development financial institution’ has the meaning given the term in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702);

“(B) the term ‘Fund’ means the Community Development Financial Institutions Fund established under section 104(a) of the Riegle
Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4703(a));

“(C) the term ‘minority’ means any Black American, Native American, Hispanic American, or Asian American; and

“(D) the term ‘Program’ means the Neighborhood Capital Investment Program established under paragraph (2).

“(2) ESTABLISHMENT.—The Secretary shall establish a Neighborhood Capital Investment Program to support low- and moderate-income community financial institutions to provide loans and forbearance to borrowers in low- and moderate-income communities, especially for borrowers who are historically disadvantaged, including minorities, and borrowers in rural and urban low-income and underserved communities.

“(3) INVESTMENTS.—Under the Program, the Secretary shall establish a fund to facilitate direct capital investments, including purchases and modifications of those purchases, of senior preferred non-voting stock, subordinated debentures, and other financial instruments (including equity equivalent capital and secondary capital investments described in section 216(o)(2)(C) of the Federal Credit Union
Act (12 U.S.C. 1790d(o)(2)(C)) from low- and moderate-income community financial institutions on such terms as are determined by the Secretary in accordance with this subtitle.

“(4) Application.—

“(A) Acceptance.—The Secretary shall begin accepting applications for capital investments under the Program not later than the end of the 30-day period beginning on the date of enactment of this subsection, with priority in distribution given to low- and moderate-income community financial institutions that are minority-owned or minority-led lenders.

“(B) Requirement to provide a neighborhood investment lending plan.—

“(i) In general.—At the time that an applicant submits an application to the Secretary for a capital investment under the Program, the applicant shall provide the Secretary, along with the appropriate Federal banking agency, an investment and lending plan that—

“(I) demonstrates that not less than 30 percent of the lending of the applicant over the past 2 fiscal years
was made directly to low- and moderate income borrowers, to borrowers that create direct benefits for low- and moderate-income populations, to other targeted populations as defined by the Fund, or any combination thereof, as measured by the total number and dollar amount of loans;

“(II) describes how the business strategy and operating goals of the applicant will address community development needs, which includes the needs of small businesses, consumers, nonprofit organizations, community development, and other projects providing direct benefits to low- and moderate-income communities, low-income individuals, and minorities within the minority, rural, and urban low-income and underserved areas served by the applicant;

“(III) includes a plan to provide linguistically and culturally appropriate outreach, where appropriate;
“(IV) includes an attestation by the applicant that the applicant does not own, service, or offer any financial products at an annual percentage rate of more than 36 percent interest, as defined in section 987(i)(4) of title 10, United States Code, and is compliant with State interest rate laws; and

“(V) includes details on how the applicant plans to expand or maintain significant lending or investment activity in low- or moderate-income minority communities, to historically disadvantaged borrowers, and to minorities that have significant unmet capital or financial services needs.

“(ii) COMMUNITY DEVELOPMENT LOAN FUNDS.—An applicant that is not an insured community development financial institution or otherwise regulated by a Federal financial regulator shall submit the plan described in clause (i) only to the Secretary.
“(iii) Documentation.—In the case of an applicant that is certified as a community development financial institution as of the date of enactment of this subsection, for purposes of clause (i)(I), the Secretary may rely on documentation submitted the Fund as part of certification compliance reporting.

“(5) Incentives to Increase Lending and Provide Affordable Credit.—

“(A) Requirements on Preferred Stock and Other Financial Instrument.—
Any financial instrument issued to Treasury by a low- and moderate-income community financial institution under the Program shall provide the following:

“(i) No dividends, interest or other payments shall exceed 2 percent per annum.

“(ii) After the first 24 months from the date of the capital investment under the Program, annual payments may be required, as determined by the Secretary and in accordance with this section, and adjusted downward based on the amount of
affordable credit provided by the low- and moderate-income community financial institution to borrowers in minority, rural, and urban low-income and underserved communities.

“(iii) During any calendar quarter after the initial 24-month period referred to in clause (ii), the annual payment rate of a low- and moderate-income community financial institution shall be adjusted downward to reflect the following schedule, based on lending by the institution relative to the baseline period:

“(I) If the institution in the most recent annual period prior to the investment provides significant lending or investment activity in low- or moderate-income minority communities, historically disadvantaged borrowers, and to minorities that have significant unmet capital or financial services, the annual payment rate shall not exceed 0.5 percent per annum.

“(II) If the amount of lending within minority, rural, and urban low-
income and underserved communities
and to low- and moderate-income bor-
rowers has increased dollar for dollar
based on the amount of the capital in-
vestment, the annual payment rate
shall not exceed 1 percent per annum.

“(III) If the amount of lending
within minority, rural, and urban low-
income and underserved communities
and to low- and moderate-income bor-
rowers has increased by twice the
amount of the capital investment, the
annual payment rate shall not exceed
0.5 percent per annum.

“(B) Contingency of payments based
on certain financial criteria.—

“(i) Deferral.—Any annual pay-
ments under this subsection shall be de-
ferred in any quarter or payment period if
any of the following is true:

“(I) The low- and moderate-in-
come community institution fails to
meet the Tier 1 capital ratio or simi-
lar ratio as determined by the Sec-
retary.
“(II) The low- and moderate-income community financial institution fails to achieve positive net income for the quarter or payment period.

“(III) The low- and moderate-income community financial institution determines that the payment would be detrimental to the financial health of the institution.

“(ii) Testing during next payment period.—Any deferred annual payment under this subsection shall be tested against the metrics described in clause (i) at the beginning of the next payment period, and such payments shall continue to be deferred until the metrics described in that clause are no longer applicable.

“(6) Restrictions.—

“(A) In general.—Each low- and moderate-income community financial institution may only issue financial instruments or senior preferred stock under this subsection with an aggregate principal amount that is—
“(i) not more than 15 percent of risk-weighted assets for an institution with assets of more than $2,000,000,000;

“(ii) not more than 25 percent of risk-weighted assets for an institution with assets of not less than $500,000,000 and not more than $2,000,000,000; and

“(iii) not more than 30 percent of risk-weighted assets for an institution with assets of less than $500,000,000.

“(B) HOLDING OF INSTRUMENTS.—Holding any instrument of a low- and moderate-income community financial institution described in subparagraph (A) shall not give the Treasury or any successor that owns the instrument any rights over the management of the institution.

“(C) SALE OF INTEREST.—With respect to a capital investment made into a low- and moderate-income community financial institution under this subsection, the Secretary—

“(i) except as provided in clause (iv), during the 10-year period following the investment, may not sell the interest of the Secretary in the capital investment to a third party;
“(ii) shall provide the low- and moderate-income community financial institution a right of first refusal to buy back the investment under terms that do not exceed a value as determined by an independent third party; and

“(iii) shall not sell more than a 5 percent ownership interest in the capital investment to a single third party; and

“(iv) with the permission of the institution, may gift or sell the interest of the Secretary in the capital investment for a de minimus amount to—

“(I) a mission aligned nonprofit affiliate of an applicant that is an insured community development financial institution, as defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702); or

“(II) 1 or more mission-aligned nonprofit organizations selected by the institution that are not affiliated with the institution.
“(v) Calculation of Ownership for Minority Depository Institutions.—The calculation and determination of ownership thresholds for a depository institution to qualify as a minority depository institution described in section 4002(7)(B) shall exclude any dilutive effect of equity investments by the Federal Government, including under the Program or through the Fund.

“(7) Available Amounts.—In carrying out the Program, the Secretary shall use such sums as may be necessary, but not less than $7,000,000,000, from amounts made available under subsection (b), notwithstanding the limitations on the use of such funds under paragraphs (1) through (4) of such subsection (b).

“(8) Treatment of Capital Investments.—Any capital investment under the Program shall receive Tier 1 capital treatment, as defined by the Federal Financial Institutions Examination Council, or shall be treated as a secondary capital investment described in section 216(o)(2)(C) of the Federal Credit Union Act (12 U.S.C. 1790d(o)(2)(C)).
“(9) Outreach to minorities.—The Secretary shall require low- and moderate-income community financial institutions receiving capital investments under the Program to provide linguistically and culturally appropriate outreach and advertising describing the availability and application process of receiving loans made possible by the Program through organizations, trade associations, and individuals that represent or work within or are members of minority communities.

“(10) Inapplicability of restrictions.—The restrictions and limitations described in subparagraphs (E) and (F) of paragraph (2) and paragraph (3)(A)(ii) of subsection (c) of section 4003 and in section 4004 shall not apply to the Program.

“(11) Termination of investment authority.—The authority to make capital investments in low- and moderate-income community financial institutions, including commitments to purchase preferred stock or other instruments, provided under the Program shall terminate on the date that is 36 months after the date of enactment of this subsection.
“(12) COLLECTION OF DATA.—Notwithstanding the Equal Opportunity Credit Act (15 U.S.C. 1691 et seq.)—

“(A) any low- and moderate-income community financial institution may collect data described in section 701(a)(1) of that Act (15 U.S.C. 1691(a)(1)) from borrowers and applicants for credit for the purpose of monitoring compliance under the plan required under paragraph (4)(B); and

“(B) a low- and moderate-income community financial institution that collects the data described in subparagraph (A) shall not be subject to adverse action related to that collection by the Bureau of Consumer Financial Protection or any other Federal agency.

“(13) DEPOSIT OF FUNDS.—All funds received by the Secretary in connection with purchases made pursuant this subsection, including interest payments, dividend payments, and proceeds from the sale of any financial instrument, shall be deposited into the Fund and used to provide financial and technical assistance pursuant to section 108 of the Riegle Community Development and Regulatory Im-
provement Act of 1994 (12 U.S.C. 4707), except that subsection (e) of that section shall be waived.”.

“(j) NEIGHBORHOOD LOAN PROGRAM.—

“(1) DEFINITIONS.—In this subsection—

“(A) the term ‘financial institution’ means any entity regulated by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, or the Federal Deposit Insurance Corporation;

“(B) the term ‘intermediary’ means any entity engaged in aggregating loans originated by low- and moderate-income community financial institutions; and

“(C) the term ‘Program’ means the Neighborhood Loan Program established under paragraph (2).

“(2) ESTABLISHMENT.—The Secretary, in conjunction with the Board of Governors of the Federal Reserve System, shall establish a Neighborhood Loan Program to create facilities under section 13(3) of the Federal Reserve Act (12 U.S.C. 343(3)) to provide liquidity and encourage equity equivalent capital investments for low- and moderate-income community financial institutions serving low- and moderate-income and minority communities.
“(3) MINIMIZATION OF BURDEN.—Any guidance, regulations, frequently asked question, or other written or verbal communications provided by the Secretary or the Board of Governors of the Federal Reserve System in connection with the Program shall be designed to minimize any burden to the relevant low- and moderate-income community financial institution and to ensure that the Program is actively utilized by the low- and moderate-income community financial institution for which the Program is being created.

“(4) SMALL BUSINESS COMMUNITY LOAN PARTICIPATIONS.—

“(A) IN GENERAL.—The facilities created under paragraph (2) shall purchase 90 percent of the balance of eligible small business loans described in subparagraph (B), either directly from low- and moderate-income community financial institutions, or from intermediaries, to increase access to credit and build wealth in low- and moderate-income and minority communities.

“(B) CRITERIA FOR ELIGIBLE SMALL BUSINESS LOANS.—An eligible small business
loan described in this subparagraph shall have—

“(i) a maximum loan balance of $250,000;

“(ii) reasonable loan origination and service fees; and

“(iii) other terms as prescribed by the Secretary.

“(C) ELIGIBILITY.—To be eligible under subparagraph (A), a low- and moderate-income community financial institution shall hold not less than 10 percent of each eligible small business loan described in subparagraph (B), or 10 percent of the loans as represented in a loan pool described in subparagraph (D).

“(D) LOAN POOL.—Each loan pool described in subparagraph (A)—

“(i) shall be composed of not less than 50 loans that amount to not less than $1,000,000;

“(ii) shall be originated by a low- and moderate-income community financial institution for a commercially reasonable fee charged by the facility created under the Program;
“(iii) shall be serviced by a low- and moderate-income community financial institution for a commercially reasonable fee charged by a facility created under the Program; and

“(iv) shall be representative of the risk in the total loan portfolio of the low- and moderate-income community financial institution.

“(E) PRIORITIZATION.—Low- and moderate-income community financial institutions shall prioritize the purchase of eligible small business loans described in subparagraph (B) that are made to minority-owned small businesses.

“(5) EQUITY EQUIVALENT LOAN PARTICIPATIONS.—

“(A) IN GENERAL.—The facilities created under paragraph (2) shall purchase 90 percent participations in loans made by financial institutions to low- and moderate-income community financial institutions that meet the eligibility requirements in this paragraph.

“(B) ELIGIBILITY.—To be eligible under subparagraph (A), a financial institution shall
retain not less than 10 percent of each loan described in subparagraph (C).

“(C) LOANS.—A loan described in this subparagraph shall be—

“(i) for not more than $10,000,000;
“(ii) originated after March 15, 2020;
“(iii) serviced by a financial institution; and
“(iv) treated as an equity equivalent investment, as defined by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, or the Federal Deposit Insurance Corporation.

“(6) APPLICATION DATE.—The Secretary shall begin accepting applications under the Program not later than the end of the 30-day period beginning on the date of enactment of this subsection.

“(7) INAPPLICABILITY OF RESTRICTIONS.—The restrictions and limitations described in subparagraphs (E) and (F) of paragraph (2) and paragraph (3)(A)(ii) of subsection (b) of section 4003 and in section 4004 shall not apply to the Program.

“(8) AVAILABLE AMOUNTS.—In carrying out the Program, the Secretary shall use such sums as may be necessary, but not less than $8,000,000,000,
from amounts made available under paragraph (4) of subsection (b), notwithstanding the limitations on the use of such funds under that paragraph.

“(9) TERMINATION.—The Program shall terminate on the date that is 48 months after the date of enactment of this subsection.

“(k) APPLICATION OF THE MILITARY LENDING ACT.—

“(1) IN GENERAL.—No low- and moderate-income community financial institution that receives an equity investment under subsection (i) or sells a loan participation under subsection (j) shall, for so long as the investment or participation continues, make any loan at an annualized percentage rate above 36 percent, as determined in accordance with section 987(b) of title 10, United States Code (commonly known as the ‘Military Lending Act’).

“(2) NO EXEMPTIONS PERMITTED.—The exemption authority of the Bureau under section 105(f) of the Truth in Lending Act (15 U.S.C. 1604(f)) shall not apply with respect to this subsection.”.

SEC. 6. SUPPORTING THE CDFI FUND.

(a) APPROPRIATIONS.—Of the amounts made available to the Secretary of the Treasury under section 4027
of the CARES Act (Public Law 116–136), $2,900,000,000 shall be made available to the Fund to carry out this section.

(b) Set Asides.—Of the amounts made available under subsection (a), the following amounts shall be set aside:

(1) Up to $1,000,000,000, to remain available until September 30, 2021, to support, prepare for, and respond to the economic impact of the coronavirus, provided that the Fund shall—

(A) provide grants funded under this paragraph using a formula that takes into account criteria such as certification status, financial and compliance performance, portfolio and balance sheet strength, a diversity of CDFI business model types, and program capacity, of which not less than $25,000,000 may be for grants to benefit Native American, Native Hawaiian, and Alaska Native communities; and

(B) make funds available under this paragraph not later than 60 days after the date of enactment of this Act.

(2) Up to $1,000,000,000, to remain available until expended, to provide grants to CDFIs—
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(A) to expand lending or investment activ-
ity in low- or moderate-income minority commu-
nities and to minorities that have significant
unmet capital or financial services needs; and

(B) using a formula that takes into ac-
count criteria such as certification status, finan-
cial and compliance performance, portfolio and
balance sheet strength, a diversity of CDFI
business model types, and program capacity, as
well as experience making loans and invest-
ments to those areas and populations identified
in this paragraph.

(3) Up to $400,000,000, to remain available
until expended, for technical assistance, technology,
and training under sections 108(a)(1)(B) and 109,
respectively, of the Riegle Community Development
and Regulatory Improvement Act of 1994 (12
U.S.C. 4707(a)(1)(B), 4708), with a preference for
minority-led and minority-owned CDFIs that pri-
marily serve low- and moderate-income communities.

(4) Up to $500,000,000, to remain available
until expended, to provide grants to recipients that
are minority-led and minority-owned CDFIs.

(c) ADMINISTRATIVE EXPENSES.—Funds made
available under this section may be used for administrative
expenses, including administration of Fund programs and the New Markets Tax Credit Program under section 45D of the Internal Revenue Code.

(d) EMERGENCY DESIGNATION.—

(1) IN GENERAL.—The amounts provided under this section are designated as an emergency requirement pursuant to section 4(g) of the Statutory Pay-As-You-Go Act of 2010 (2 U.S.C. 933(g)).

(2) DESIGNATION IN SENATE.—In the Senate, this section is designated as an emergency requirement pursuant to section 4112(a) of H. Con. Res. 71 (115th Congress), the concurrent resolution on the budget for fiscal year 2018.

(e) DEFINITIONS.—In this section:

(1) CDFI.—The term “CDFI” means a community development financial institution, as defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702).

(2) FUND.—The term “Fund” means the Community Development Financial Institutions Fund established under section 104(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4703(a)).
(3) MINORITY.—The term “minority” means any Black American, Native American, Hispanic American, or Asian American.

SEC. 7. FEDERAL DEPOSITS IN MINORITY DEPOSITORY INSTITUTIONS.

(a) IN GENERAL.—Section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note) is amended by adding at the end the following:

“(d) FEDERAL DEPOSITS.—The Secretary of the Treasury shall ensure that deposits made by Federal agencies in minority depository institutions are fully collateralized or fully insured, as determined by the Secretary. Such deposits shall include reciprocal deposits as defined in section 337.6(e)(2)(v) of title 12, Code of Federal Regulations (as in effect on March 6, 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 BANKS AND MINORITY CREDIT UNIONS.

(a) MINORITY BANK DEPOSIT PROGRAM.—

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

“(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 bank or minority credit union;

“(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 bank or minority credit union 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 ensure, to the maximum extent possible as permitted by law, the use of minority banks and minority credit unions to serve the financial needs of each such department or agency.

“(2) Report to Congress.—Not later than 2 years after the establishment of the program described 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 banks and minority credit unions to serve the financial needs of each such department or agency.

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

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

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

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

“(4) MINORITY BANK.—The term ‘minority bank’ means a minority depository institution as defined in section 308 of this Act.

“(5) MINORITY CREDIT UNION.—The term ‘minority credit union’ means any credit union for which more than 50 percent of the membership (including board members) of such credit union are minority individuals, as determined by the National
Credit Union Administration pursuant to 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. 1691c–2(h)(4)).

SEC. 9. INVESTMENTS IN MINORITY DEPOSITORY INSTITUTIONS.

(a) CONTROL FOR INSURED DEPOSITORY 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) of a person to vote 25 per centum or more of any class of voting securities of an insured depository institution.”.
(b) RULEMAKING.—The appropriate Federal banking agency (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 to allow 3 years to meet the capital requirements otherwise applicable to minority depository institutions.

(e) REPORT.—Not later than 1 year after the date of enactment of this Act, the appropriate Federal banking agencies (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) 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
(3) regulatory and legislative considerations to promote the establishment of de novo minority depository institutions.

SEC. 10. CUSTODIAL DEPOSIT PROGRAM FOR COVERED MINORITY DEPOSITORY INSTITUTIONS.

(a) ESTABLISHMENT.—The Secretary of the Treasury shall establish a custodial deposit program (in this section referred to as the “Program”) under which a covered
bank shall receive monthly deposits from a qualifying ac-
count.

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

(c) PROGRAM OPERATIONS.—

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

(2) CUSTODIAL ACCOUNTS.—

(A) IN GENERAL.—The Secretary shall es-

establish a custodial deposit account for each
qualifying account with the eligible custodial en-
tity designated to make deposits with covered
banks for each such qualifying account.

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

(C) DEPOSITS WITH PROGRAM PARTICI-
PANTS.—
(i) MONTHLY DEPOSITS.—Each month, each eligible custodial entity designated by the Secretary shall deposit an amount not greater than the insured amount, in the aggregate, from each custodial deposit account, in a single covered bank.

(ii) LIMITATION.—With respect to the funds of an individual qualifying account, the eligible custodial entity may not deposit an amount greater than the insured amount in a single covered bank.

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

(I) 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

(II) such higher amount negotiated between the Secretary and the Corporation under which the Corpora-
tion will insure all deposits of such higher amount.

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

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

(ii) $100,000,000.

(3) INTEREST.—

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

(i) collect interest from each covered bank in which such custodial entity deposits funds pursuant to paragraph (2); and

(ii) disburse such interest to the Secretary each month.

(B) INTEREST RATE.—The rate of any interest collected under this paragraph may not exceed 50 percent of the discount window primary credit interest rate most recently published on the Federal Reserve Statistical Release on selected interest rates (daily or weekly), commonly referred to as the H.15 release (commonly known as the “Federal funds rate”).
(4) STATEMENTS.—Each eligible custodial entity designated by the Secretary shall submit to the Secretary monthly statements that include the total amount of funds deposited with, and interest rate received from, each covered bank by the eligible custodial entity on behalf of qualifying entities.

(5) RECORDS.—The Secretary shall issue a quarterly report to Congress and make publicly available a record identifying all covered banks participating in the Program and amounts deposited under the Program in covered banks.

(d) REQUIREMENTS RELATING TO DEPOSITS.—Deposits made with covered banks under this section may not—

   (1) be considered by the Corporation to be funds obtained, directly or indirectly, by or through any deposit broker for deposit into 1 or more deposit accounts (as described under section 29 of the Federal Deposit Insurance Act (12 U.S.C. 1831f)); or

   (2) be subject to insurance fees from the Corporation that are greater than insurance fees for typical demand deposits not obtained, directly or indirectly, by or through any deposit broker (commonly known as “core deposits”).

(e) MODIFICATIONS.—
(1) In general.—The Secretary shall provide a 3-month period for public notice and comment before making any material change to the operation of the Program.

(2) Exception.—The requirements of paragraph (1) shall not apply if the Secretary makes a material change to the Program to comply with safety and soundness standards or other law.

(f) Termination.—

(1) By covered bank.—A covered bank selected for participation in the Program pursuant to subsection (c) may terminate participation in the Program by providing the Secretary a notification 60 days prior to termination.

(2) By Secretary.—The Secretary may terminate the participation of a covered bank in the Program if the Secretary determines the covered bank—

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

(B) failed to comply with Federal bank secrecy laws, as documented in writing by the primary regulator of the covered bank;

(C) failed to remain well capitalized; or
(D) failed comply with safety and soundness standards, as documented in writing by the primary regulator of the covered bank.

(g) DEFINITIONS.—In this section:

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

(2) COVERED BANK.—The term “covered bank” means a minority depository institution that is regulated by the Corporation or the National Credit Union Administration that is well capitalized (as defined in section 38(b) of the Federal Deposit Insurance Act (12 U.S.C. 1831o(b))).

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

(A) an insured depository institution (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)),

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

(C) or a well capitalized State-chartered trust company, designated by the Secretary under subsection (c)(1).

(4) FEDERAL BANK SECRECY LAWS.—The term “Federal bank secrecy laws” means—
(A) section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b); 

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

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

(5) 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 calendar month.

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

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

SEC. 11. ESTABLISHMENT OF FINANCIAL AGENT PARTNERSHIP PROGRAM.

(a) IN GENERAL.—Section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note) is amended by adding at the end the following:

“(d) FINANCIAL AGENT PARTNERSHIP PROGRAM.—
“(1) DEFINITIONS.—In this subsection:

“(A) FINANCIAL AGENT.—The term ‘financial agent’ means any national banking association designated by the Secretary to be employed as a financial agent of the Government.

“(B) LARGE FINANCIAL INSTITUTION.—
The term ‘large financial institution’ means any entity 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 that has total consolidated assets of not less than $50,000,000,000.

“(C) SMALL COMMUNITY FINANCIAL INSTITUTION.—The term ‘small community financial institution’ means any financial institution that—

“(i) has total consolidated assets of less than $3,000,000,000;

“(ii) is an entity 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
“(iii) is—

“(I) a community development financial institution, as defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702);

or

“(II) a minority depository institution, as defined in subsection (b).

“(D) PROGRAM.—The term ‘Program’ means the Financial Agent Partnership Program established under paragraph (2).

“(E) SECRETARY.—The term ‘Secretary’ means the Secretary of the Treasury.

“(2) ESTABLISHMENT.—The Secretary shall establish a program to be known as the Financial Agent Partnership Program under which a financial agent designated by the Secretary or a large financial institution may serve as a partner, under guidance or regulations prescribed by the Secretary, and at the request of a small community financial institution, to allow the small community financial institution—

“(A) to be prepared to perform as a financial agent;
“(B) to improve capacity to provide services to the customers of the institution; and

“(C) to participate in contracts awarded by the Secretary under the National Bank Acts of 1863 and 1864.

“(3) FINANCIAL PARTNERSHIPS.—

“(A) IN GENERAL.—Any large financial institution participating in a program with the Treasury, if not already required to include a small community financial institution, shall offer not more than 5 percent of every contract under that program to a small community financial institution.

“(B) ACCEPTANCE OF RISK.—As a requirement of participation in any financial arrangement under the Program, a small community financial institution shall accept the risk of the transaction equivalent to the percentage of any fee the institution receives under the Program.

“(C) PARTNER.—A large financial institution partner may work with small community financial institutions, if necessary, to train professionals to understand any risks involved in a contract under the Program.
“(4) OUTREACH.—The Secretary shall—

“(A) issue guidance or regulations to establish a process under which a financial agent, large financial institution, or small community financial institution may participate in the Program; and

“(B) not less frequently than once per year, hold outreach events to promote the participation of financial agents, large financial institutions, and small community financial institutions in the Program.

“(5) REPORT.—The Office of Minority and Women Inclusion of the Department of the Treasury shall include in the report submitted to Congress under section 342(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5452(e)) information pertaining to the Program, including—

“(A) the number of financial agents, large financial institutions, and small community financial institutions participating in the Program; and

“(B) the number of contracts awarded by the Secretary where a small community financial institution participated in a financial agent
agreement awarded to a large financial institution; and

“(C) the number of outreach events described in paragraph (4) held during the year covered by such report.”.

(b) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect 90 days after the date of the enactment of this Act.

SEC. 12. APPLICATION OF CARES ACT TO LOW- AND MODERATE-INCOME COMMUNITY FINANCIAL INSTITUTIONS.

Title IV of the CARES Act (Public Law 116–136) is amended—

(1) in section 4012(b)—

(A) in paragraph (2), by striking “The interim” and inserting “Except as provided in paragraph (3), the interim”; and

(B) by adding at the end the following:

“(3) EXCEPTION FOR LOW- AND MODERATE-INCOME COMMUNITY FINANCIAL INSTITUTIONS.—Notwithstanding paragraph (2), with respect to a qualifying community bank that is a low- and moderate-income community financial institution, the interim rule issued under paragraph (1) shall be effective during the period beginning on the date on which
the appropriate Federal banking agencies issue the rule and ending on December 31, 2022.”; and

(2) in section 4013(a)(1)—

(A) by striking “means the period” and inserting “means—

“(A) except as provided in subparagraph (B), the period’’;

(B) in subparagraph (A), as so designated, by striking the period at the end and inserting “; and’’; and

(C) by adding at the end the following:

“(B) with respect to a low- and moderate-income community financial institution, the period beginning on March 1, 2020 and ending on December 31, 2022.”.

SEC. 13. SUBMISSION OF DATA RELATING TO DIVERSITY BY COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS.

Section 104 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4703) is amended by adding at the end the following:

“(l) SUBMISSION OF DATA RELATING TO DIVERSITY.—

“(1) DEFINITIONS.—In this subsection—
“(A) the term ‘executive officer’ has the meaning given the term in section 230.501(f) of title 17, Code of Federal Regulations, as in effect on the date of enactment of this subsection; and

“(B) the term ‘veteran’ has the meaning given the term in section 101 of title 38, United States Code.

“(2) SUBMISSION OF DISCLOSURE.—Each Fund applicant and recipient shall provide the following:

“(A) Data, based on voluntary self-identification, on the racial, ethnic, and gender composition of—

“(i) the board of directors of the institution;

“(ii) nominees for the board of directors of the institution; and

“(iii) the executive officers of the institution.

“(B) The status of any member of the board of directors of the institution, any nominee for the board of directors of the institution, or any executive officer of the institution, based on voluntary self-identification, as a veteran.
“(C) Whether the board of directors of the institution, or any committee of that board of directors, has, as of the date on which the institution makes a disclosure under this paragraph, adopted any policy, plan, or strategy to promote racial, ethnic, and gender diversity among—

“(i) the board of directors of the institution;

“(ii) nominees for the board of directors of the institution; or

“(iii) the executive officers of the institution.

“(3) ANNUAL REPORT.—Not later than 18 months after the date of enactment of this subsection, and annually thereafter, the Fund shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives, and make publicly available on the website of the Fund, a report on the data and trends of the diversity information made available pursuant to paragraph (2).”.

SEC. 14. REPORTS.

The Secretary shall provide to the appropriate committees of Congress—
(1) within 30 days of the end of each month commencing with the first month in which transactions are made under a program established under this Act or the amendments made by this Act, a written report describing all of the transactions made during the reporting period pursuant to the authorities granted under this Act or the amendments made by this Act; and

(2) after the end of March and the end of September, commencing September 30, 2021, a written report on all projected costs and liabilities, all operating expenses, including compensation for financial agents, and all transactions made by the Community Development Financial Institutions Fund, which shall include participating institutions and amounts each institution has received under each program described in paragraph (1).

SEC. 15. INSPECTOR GENERAL OVERSIGHT.

(a) IN GENERAL.—The Inspector General of the Department of the Treasury shall conduct, supervise, and coordinate audits and investigations of any program established under this Act or the amendments made by this Act.

(b) REPORTING.—The Inspector General of the Department of the Treasury shall issue a report not less fre-
quently than 2 times per year to Congress and the Secretary of the Treasury relating to the oversight provided by the Office of the Inspector General, including any recommendations for improvements to the programs described in subsection (a).

**SEC. 16. STUDY AND REPORT WITH RESPECT TO IMPACT OF PROGRAMS ON LOW- AND MODERATE-INCOME AND MINORITY COMMUNITIES.**

(a) Study.—The Secretary of the Treasury shall conduct a study of the impact of the programs established under this Act or any amendment made by this Act on low- and moderate-income and minority communities.

(b) Report.—Not later than 18 months after the date of enactment of this Act, the Secretary shall submit to Congress a report on the results of the study conducted pursuant to subsection (a), which shall include, to the extent possible, the results of the study disaggregated by ethnic group.

(c) Information Provided to the Secretary.—Eligible institutions that participate in any of the programs described in subsection (a) shall provide the Secretary of the Treasury with such information as the Secretary may require to carry out the study required by this section.