

119TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To amend the Community Development Banking and Financial Institutions Act of 1994 to provide for capitalization assistance to enhance liquidity.

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IN THE SENATE OF THE UNITED STATES

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Mr. WARNER introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Community Development Banking and Financial Institutions Act of 1994 to provide for capitalization assistance to enhance liquidity.

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. CAPITALIZATION ASSISTANCE TO ENHANCE LI-**  
4       **QUIDITY.**

5       (a) IN GENERAL.—Section 113 of the Community  
6       Development Banking and Financial Institutions Act of  
7       1994 (12 U.S.C. 4712) is amended—

8               (1) by striking subsection (a) and inserting the  
9       following:

10       “(a) ASSISTANCE.—

1           “(1) IN GENERAL.—The Fund may provide  
2 funds to organizations for the purpose of—

3           “(A) purchasing loans that are originated  
4 by community development financial institu-  
5 tions, loan participations, or interests therein  
6 from community development financial institu-  
7 tions;

8           “(B) providing guarantees, loan loss re-  
9 serves, or other forms of credit enhancement to  
10 promote liquidity for community development  
11 financial institutions; and

12           “(C) otherwise enhancing the liquidity of  
13 community development financial institutions.

14           “(2) CONSTRUCTION OF FEDERAL GOVERN-  
15 MENT FUNDS.—For purposes of this subsection, not-  
16 withstanding section 105(a)(9) of the Housing and  
17 Community Development Act of 1974 (42 U.S.C.  
18 5305(a)(9)), funds provided pursuant to such Act  
19 shall be considered to be Federal Government  
20 funds.”;

21           (2) by striking subsection (b) and inserting the  
22 following:

23           “(b) SELECTION.—

24           “(1) IN GENERAL.—The selection of organiza-  
25 tions to receive assistance and the amount of assist-

1       ance to be provided to any organization under this  
2       section shall be at the discretion of the Fund and in  
3       accordance with criteria established by the Fund.

4               “(2) ELIGIBILITY.—Organizations eligible to re-  
5       ceive assistance under this section—

6                       “(A) shall have a primary purpose of pro-  
7       moting community development; and

8                       “(B) are not required to be community de-  
9       velopment financial institutions.

10               “(3) PRIORITIZATION.—For the purpose of  
11       making an award of funds under this section, the  
12       Fund shall prioritize the selection of organizations  
13       that—

14                       “(A) demonstrate relevant experience or an  
15       ability to carry out the activities under this sec-  
16       tion, including experience leading or partici-  
17       pating in loan purchase structures or pur-  
18       chasing or participating in the purchase of, as-  
19       signing, or otherwise transferring, assets from  
20       community development financial institutions;

21                       “(B) demonstrate the capacity to increase  
22       the number or dollar volume of loan origina-  
23       tions or expand the products or services of com-  
24       munity development financial institutions, in-

1 cluding by leveraging the award with private  
2 capital; and

3 “(C) will use the funds to support commu-  
4 nity development financial institutions that rep-  
5 resent broad geographic coverage or that serve  
6 borrowers that have experienced significant  
7 unmet capital or financial services needs.”;

8 (3) in subsection (c), in the first sentence—

9 (A) by striking “\$5,000,000” and inserting  
10 “\$20,000,000”; and

11 (B) by striking “during any 3-year pe-  
12 riod”; and

13 (4) by adding at the end the following:

14 “(g) REGULATIONS.—The Secretary may promulgate  
15 such regulations as may be necessary or appropriate to  
16 carry out the authorities or purposes of this section.”.

17 (b) EMERGENCY CAPITAL INVESTMENT FUNDS.—  
18 Section 104A of the Community Development Banking  
19 and Financial Institutions Act of 1994 (12 U.S.C. 4703a)  
20 is amended by striking subsection (l) and inserting the fol-  
21 lowing:

22 “(l) DEPOSIT OF FUNDS.—All funds received by the  
23 Secretary in connection with purchases made pursuant  
24 this section, including interest payments, dividend pay-

1 ments, and proceeds from the sale of any financial instru-  
2 ment, shall be deposited into the Fund and used—

3 “(1) to provide financial assistance to organiza-  
4 tions pursuant to section 113; and

5 “(2) to provide financial and technical assist-  
6 ance pursuant to section 108, except that subsection  
7 (e) of that section shall be waived.”.

8 (c) ANNUAL REPORTS.—

9 (1) DEFINITIONS.—In this subsection, the  
10 terms “community development financial institu-  
11 tion” and “Fund” have the meanings given the  
12 terms in section 103 of the Community Development  
13 Banking and Financial Institutions Act of 1994 (12  
14 U.S.C. 4702).

15 (2) REQUIREMENTS.—Not later than 1 year  
16 after the date on which assistance is first provided  
17 under section 113 of the Community Development  
18 Banking and Financial Institutions Act of 1994 (12  
19 U.S.C. 4712) pursuant to the amendments made by  
20 subsection (a) of this section, and annually there-  
21 after through 2028, the Secretary of the Treasury  
22 shall submit to Congress a written report describing  
23 the use of the Fund for the 1-year period preceding  
24 the submission of the report for the purposes de-  
25 scribed in subsection (a)(1) of such section 113, as

1       amended by subsection (a) of this section, which  
2       shall include, with respect to the period covered by  
3       the report—

4               (A) the total amount of—

5                       (i) loans, loan participations, and in-  
6                       terests therein purchased from community  
7                       development financial institutions;

8                       (ii) loans that support affordable  
9                       housing construction; and

10                      (iii) guarantees, loan loss reserves,  
11                      and other forms of credit enhancement  
12                      provided to community development finan-  
13                      cial institutions;

14               (B) the effect of the purchases and guar-  
15               antees made by the Fund on the overall com-  
16               petitiveness of community development financial  
17               institutions; and

18               (C) the impact of the purchases and guar-  
19               antees made by the Fund on the liquidity of  
20               community development financial institutions.