

105TH CONGRESS
1ST SESSION

H. R. 221

To amend the Community Reinvestment Act of 1977 to reduce onerous recordkeeping and reporting requirements for regulated financial institutions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 1997

Mr. McCOLLUM introduced the following bill; which was referred to the
Committee on Banking and Financial Services

A BILL

To amend the Community Reinvestment Act of 1977 to reduce onerous recordkeeping and reporting requirements for regulated financial institutions, 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.**

4 This Act may be cited as the “Community Reinvest-
5 ment Improvement Act of 1997”.

1 **SEC. 2. MODIFIED EVALUATIONS.**

2 The Community Reinvestment Act of 1977 (12
3 U.S.C. 2901 et seq.) is amended by adding at the end
4 the following new section:

5 **“SEC. 809. MODIFIED EVALUATIONS.**

6 “(a) SCOPE.—In lieu of being evaluated under section
7 804 and receiving a written evaluation under section 807,
8 an institution’s record of meeting the credit needs of its
9 entire community with respect to any calendar year shall
10 be evaluated pursuant to this section if the institution—

11 “(1) has not been found to be in violation of
12 section 701(a) of the Equal Credit Opportunity Act,
13 or any other provision of such Act, during the five-
14 year period preceding such calendar year;

15 “(2) has not received a rating of ‘needs to im-
16 prove’ or ‘substantial noncompliance’ from the su-
17 pervisory agency in the most recent evaluation of the
18 institution under section 807;

19 “(3) has not been disqualified from evaluation
20 under this section by the supervisory agency pursu-
21 ant to a provision of this section; and

22 “(4) has, as of the December 31 preceding the
23 beginning of such calendar year, total assets of less
24 than \$500,000,000.

25 The dollar amount in this subsection shall be adjusted an-
26 nually after December 31, 1996, by the annual percentage

1 increase in the Consumer Price Index for Urban Wage
2 Earners and Clerical Workers published by the Bureau of
3 Labor Statistics.

4 “(b) MODIFIED EVALUATION.—An institution which
5 is described in subsection (a) with respect to any calendar
6 year shall, during such year—

7 “(1) maintain internal policies to help meet the
8 credit needs of its local community consistent with
9 the safe and sound operation of such institution;

10 “(2) declare in writing to the supervisory agen-
11 cy, at such time as the agency shall prescribe by reg-
12 ulation, that the institution—

13 “(A) is an institution described in sub-
14 section (a); and

15 “(B) is in compliance with this subsection;

16 “(3) display any notices as required by the su-
17 pervisory agency concerning the institution’s compli-
18 ance with the requirements of this Act; and

19 “(4) make available for public inspection the
20 following information regarding the record of such
21 institution in meeting the credit needs of its entire
22 community—

23 “(A) an identification of the community it
24 serves;

1 “(B) a list of the types of credit offered by
2 the institution;

3 “(C) public comments received during such
4 year or any of the two years immediately pre-
5 ceding such year regarding the institution’s
6 service of the entire community’s credit needs;
7 and

8 “(D) copies of any declaration submitted
9 under subparagraph (2).

10 “(c) REGULATORY EVALUATION.—

11 “(1) IN GENERAL.—The supervisory agency
12 shall conduct an evaluation of an institution’s com-
13 pliance with this section in connection with its exam-
14 ination of such institution, or every two years,
15 whichever is more frequent.

16 “(2) NOTICE.—Upon commencing a compliance
17 evaluation pursuant to the section, the supervisory
18 agency shall provide public notice stating that it is
19 conducting such evaluation of the institution.

20 “(3) PROCEDURE.—In performing periodic
21 evaluations of institutions pursuant to subsection (c)
22 of this section, the supervisory agency—

1 “(A) shall review the institution’s existing
2 business records and shall not require the insti-
3 tution to produce documentation other than ex-
4 isting business records, and

5 “(B) shall review any additional informa-
6 tion provided by the institution or other inter-
7 ested parties.

8 “(4) DISQUALIFICATION.—In addition to any
9 administrative enforcement action authorized under
10 any other provision of law, if the supervisory agency
11 determines after an evaluation under this subsection
12 that the institution is not in compliance with this
13 section, then the supervisory agency may determine
14 that the institution shall be disqualified from evalua-
15 tion under this section for such period as the agency
16 may determine to be appropriate.

17 “(e) PENALTIES.—In addition to any criminal or civil
18 penalty or any administrative enforcement action author-
19 ized under any other provision of law, if the supervisory
20 agency finds that an institution has intentionally submit-
21 ted false information to the supervisory agency or other-
22 wise willfully violated the requirements of subsection (b),
23 the institution shall be disqualified from evaluation under
24 this section such period, not to exceed ten years, as the
25 agency may determine to be appropriate.

1 “(f) DEFINITIONS.—

2 “(1) ‘Institution’ means a regulated financial
3 institution meeting the requirements of subsection
4 (a).

5 “(2) ‘Supervisory agency’ means the appro-
6 priate Federal financial supervisory agency of a reg-
7 ulated financial institution.”.

8 **SEC. 3. EVALUATION EXEMPTION.**

9 The Community Reinvestment Act of 1977 (12
10 U.S.C. 2901 et seq.) is amended by inserting after section
11 809 (as added by section 2 of this Act) the following new
12 section:

13 **“SEC. 810. EVALUATION EXEMPTION.**

14 “A regulated financial institution shall not be subject
15 to the evaluation requirements of this title or any regula-
16 tions issued under this title if—

17 “(1) the main office and each branch of such
18 institution is located in an incorporated city or town,
19 or an unincorporated place recognized by the Census
20 Bureau that has a population of not more than
21 twenty-five thousand persons; and

22 “(2) the aggregate assets of the institution and
23 any company which is a depository holding company
24 with respect to such institution (as defined in section

1 3(w) of the Federal Deposit Insurance Act) are less
 2 than \$100,000,000.

3 The dollar amount in this section shall be adjusted annu-
 4 ally after December 31, 1996, by the annual percentage
 5 increase in the Consumer Price Index for Urban Wage
 6 Earners and Clerical Workers published by the Bureau of
 7 Labor Statistics.”.

8 **SEC. 4. SAFE HARBOR.**

9 The Community Reinvestment Act of 1977 (12
 10 U.S.C. 2901 et seq.) is amended by inserting after section
 11 810 (as added by section 3 of this Act) the following new
 12 section:

13 **“SEC. 811. SAFE HARBOR.**

14 “Notwithstanding section 804(a)(2), an application
 15 for a deposit facility by a regulated financial institution
 16 shall not be denied on the basis of such institution’s com-
 17 pliance with this Act if such institution in the previous
 18 twenty-four months—

19 “(1) has received a rating of ‘Outstanding’ or
 20 ‘Satisfactory’ from the appropriate Federal financial
 21 supervisory agency in an evaluation of the institu-
 22 tion under section 807 conducted, or

23 “(2) has been found to be in compliance with
 24 section 809 in a regulatory review conducted under
 25 section 809(c),

- 1 unless such institution's compliance has materially dete-
- 2 riorated since such evaluation.”.

