

110TH CONGRESS
1ST SESSION

S. 2487

To increase community development investments by depository institutions,
and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 14, 2007

Mr. CRAPO (for himself and Mr. JOHNSON) introduced the following bill;
which was read twice and referred to the Committee on Banking, Hous-
ing, and Urban Affairs

A BILL

To increase community development investments by
depository 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 “Depository Institution
5 Community Development Investments Enhancement Act”.

6 **SEC. 2. TECHNICAL CORRECTIONS.**

7 (a) NATIONAL BANKS.—The first sentence of the
8 paragraph designated as the “Eleventh” of section 5136
9 of the Revised Statutes of the United States (12 U.S.C.
10 24) (as amended by section 305(a) of the Financial Serv-

ices Regulatory Relief Act of 2006) is amended by striking
 “promotes the public welfare by benefitting primarily” and
 inserting “is designed primarily to promote the public wel-
 fare, including the welfare of”.

(b) STATE MEMBER BANKS.—The first sentence of
 the 23rd paragraph of section 9 of the Federal Reserve
 Act (12 U.S.C. 338a) is amended by striking “promotes
 the public welfare by benefitting primarily” and inserting
 “is designed primarily to promote the public welfare, in-
 cluding the welfare of”.

**SEC. 3. INVESTMENTS BY FEDERAL SAVINGS ASSOCIA-
 TIONS AUTHORIZED TO PROMOTE THE PUB-
 LIC WELFARE.**

Section 5(c) of the Home Owners’ Loan Act (12
 U.S.C. 1464) is amended—

(1) in paragraph (3)—

(A) by striking subparagraph (A); and

(B) by redesignating subparagraphs (B)
 and (C), as subparagraphs (A) and (B), respec-
 tively; and

(2) in paragraph (4), by adding at the end the
 following new subparagraph:

“(G) DIRECT INVESTMENTS TO PROMOTE
 THE PUBLIC WELFARE.—

1 “(i) IN GENERAL.—A Federal savings
2 association may make investments, directly
3 or indirectly, each of which is designed pri-
4 marily to promote the public welfare, in-
5 cluding the welfare of low- and moderate-
6 income communities or families through
7 the provision of housing, services, and jobs.

8 “(ii) DIRECT INVESTMENTS OR ACQUI-
9 SITION OF INTEREST IN OTHER COMPA-
10 NIES.—Investments under clause (i) may
11 be made directly or by purchasing interests
12 in an entity primarily engaged in making
13 such investments.

14 “(iii) PROHIBITION ON UNLIMITED LI-
15 ABILITY.—No investment may be made
16 under this subparagraph which would sub-
17 ject a Federal savings association to unlim-
18 ited liability to any person.

19 “(iv) SINGLE INVESTMENT LIMITA-
20 TION TO BE ESTABLISHED BY DIREC-
21 TOR.—Subject to clauses (v) and (vi), the
22 Director shall establish, by order or regula-
23 tion, limits on—

1 “(I) the amount that any savings
2 association may invest in any 1
3 project; and

4 “(II) the aggregate amount of in-
5 vestment of any savings association
6 under this subparagraph.

7 “(v) FLEXIBLE AGGREGATE INVEST-
8 MENT LIMITATION.—The aggregate
9 amount of investments of any savings asso-
10 ciation under this subparagraph may not
11 exceed an amount equal to the sum of 5
12 percent of the capital stock of the savings
13 association actually paid in and
14 unimpaired and 5 percent of the
15 unimpaired surplus of the savings associa-
16 tion, unless—

17 “(I) the Director determines that
18 the savings association is adequately
19 capitalized; and

20 “(II) the Director determines, by
21 order, that the aggregate amount of
22 investments in a higher amount than
23 the limit under this clause would pose
24 no significant risk to the affected De-
25 posit Insurance Fund.

1 “(vi) MAXIMUM AGGREGATE INVEST-
2 MENT LIMITATION.—Notwithstanding
3 clause (v), the aggregate amount of invest-
4 ments of any savings association under
5 this subparagraph may not exceed an
6 amount equal to the sum of 15 percent of
7 the capital stock of the savings association
8 actually paid in and unimpaired and 15
9 percent of the unimpaired surplus of the
10 savings association.

11 “(vii) INVESTMENTS NOT SUBJECT TO
12 OTHER LIMITATION ON QUALITY OF IN-
13 VESTMENTS.—No obligation that a Federal
14 savings association acquires or retains
15 under this subparagraph shall be taken
16 into account for purposes of the limitation
17 contained in section 28(d) of the Federal
18 Deposit Insurance Act on the acquisition
19 and retention of any corporate debt secu-
20 rity not of investment grade.

21 “(viii) APPLICABILITY OF STANDARDS
22 TO EACH INVESTMENT.—The standards
23 and limitations of this subparagraph shall
24 apply to each investment under this sub-

- 1 paragraph made by a savings association
- 2 directly and by its subsidiaries.”.

