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117TH CONGRESS
2D SESSION

S. 4537

To amend the Community Development Banking and Financial Institutions Act of 1994 to adjust for inflation the maximum amount of assistance provided by the Community Development Financial Institutions Fund, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 14, 2022

Mr. WARNER (for himself and Mr. HAGERTY) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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A BILL

To amend the Community Development Banking and Financial Institutions Act of 1994 to adjust for inflation the maximum amount of assistance provided by the Community Development Financial Institutions Fund, 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 ''Scaling Community Lenders Act of 2022''.

SEC. 2. CAPITALIZATION ASSISTANCE TO ENHANCE LIQUIDITY.

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

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

''(a) ASSISTANCE.—

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

''(A) purchasing loans, loan participations, or interests therein from community development financial institutions;

''(B) providing guarantees, loan loss reserves, or other forms of credit enhancement to promote liquidity for community development financial institutions; and

''(C) otherwise enhancing the liquidity of community development financial institutions.

''(2) CONSTRUCTION OF FEDERAL GOVERNMENT FUNDS.—For purposes of this subsection, notwithstanding section 105(a)(9) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)(9)), funds provided pursuant to such Act shall be considered to be Federal Government funds.'';

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

''(b) SELECTION.—

''(1) IN GENERAL.—The selection of organizations to receive assistance and the amount of assistance to be provided to any organization under this section shall be at the discretion of the Fund and in accordance with criteria established by the Fund.

''(2) ELIGIBILITY.—Organizations eligible to receive assistance under this section—

''(A) shall have a primary purpose of promoting community development; and

''(B) are not required to be community development financial institutions.

''(3) PRIORITIZATION.—For the purpose of making an award, the Fund shall prioritize the selection of organizations that—

''(A) demonstrate relevant experience or an ability to carry out the activities under this section, including experience leading or participating in loan purchase structures, or purchasing or participating in the purchase of, or assigning, or otherwise transferring assets from community development financial institutions;

''(B) demonstrate the capacity to increase the number or dollar volume of loan originations or expand the products or services of community development financial institutions, including by leveraging the award with private capital; and

''(C) will use the funds to support community development financial institutions that represent broad geographic coverage or that serve borrowers that have experienced significant unmet capital or financial services needs.'';

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

(A) by striking ''$5,000,000'' and inserting ''$20,000,000''; and

(B) by striking ''during any 3-year period''; and

(4) by adding at the end the following:

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

''(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary $100,000,000 to carry out this section, including to carry out a study on the options to increase community develop-

ment financial institution liquidity and secondary market opportunities.''.

(b) ANNUAL REPORTS.—

(1) DEFINITIONS.—In this subsection, the terms ''community development financial institution'' and ''Fund'' have the meanings given the terms in section 103 of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4702).

(2) REQUIREMENTS.—Not later than 1 year after the date on which assistance is first provided under section 113 of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4712) pursuant to the amendments made by subsection (a), and annually thereafter through 2028, the Secretary of the Treasury shall submit to Congress a written report describing the use of the Fund for the 1-year period preceding the submission of the report for the purposes described in subsection (a)(1) of such section 113 (as amended by subsection (a) of this section), which shall include, with respect to the period covered by the report—

(A) the total amount of—

(i) loans, loan participations, and interests therein purchased from community development financial institutions; and

(ii) guarantees, loan loss reserves, and other forms of credit enhancement provided to community development financial institutions;

(B) the effect of the purchases and guarantees made by the Fund on the overall competitiveness of community development financial institutions; and

(C) the impact of the purchases and guarantees made by the Fund on the liquidity of community development financial institutions.

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