

118TH CONGRESS
1ST SESSION

S. 1442

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

MAY 4, 2023

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

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.

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 “Scaling Community
5 Lenders Act of 2023”.

1 **SEC. 2. CAPITALIZATION ASSISTANCE TO ENHANCE LIQUID-**
2 **ITY.**

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

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

8 “(a) ASSISTANCE.—

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

11 “(A) purchasing loans, loan participations,
12 or interests therein from community develop-
13 ment financial institutions;

14 “(B) providing guarantees, loan loss re-
15 serves, or other forms of credit enhancement to
16 promote liquidity for community development
17 financial institutions; and

18 “(C) otherwise enhancing the liquidity of
19 community development financial institutions.

20 “(2) CONSTRUCTION OF FEDERAL GOVERN-
21 MENT FUNDS.—For purposes of this subsection, not-
22 withstanding section 105(a)(9) of the Housing and
23 Community Development Act of 1974 (42 U.S.C.
24 5305(a)(9)), funds provided pursuant to such Act
25 shall be considered to be Federal Government
26 funds.”;

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

3 “(b) SELECTION.—

4 “(1) IN GENERAL.—The selection of organiza-
5 tions to receive assistance and the amount of assist-
6 ance to be provided to any organization under this
7 section shall be at the discretion of the Fund and in
8 accordance with criteria established by the Fund.

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

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

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

15 “(3) PRIORITIZATION.—For the purpose of
16 making an award of funds under this section, the
17 Fund shall prioritize the selection of organizations
18 that—

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

1 “(B) demonstrate the capacity to increase
2 the number or dollar volume of loan origina-
3 tions or expand the products or services of com-
4 munity development financial institutions, in-
5 cluding by leveraging the award with private
6 capital; and

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

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

13 (A) by striking “\$5,000,000” and inserting
14 “\$20,000,000”; and

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

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

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

21 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
22 are authorized to be appropriated to the Secretary
23 \$100,000,000 to carry out this section, including to carry
24 out a study on the options to increase community develop-

1 ment financial institution liquidity and secondary market
2 opportunities.”.

3 (b) EMERGENCY CAPITAL INVESTMENT FUNDS.—
4 Section 104A of the Community Development Banking
5 and Financial Institutions Act of 1994 (12 U.S.C. 4703a)
6 is amended by striking subsection (l) and inserting the fol-
7 lowing:

8 “(l) DEPOSIT OF FUNDS.—All funds received by the
9 Secretary in connection with purchases made pursuant
10 this section, including interest payments, dividend pay-
11 ments, and proceeds from the sale of any financial instru-
12 ment, shall be deposited into the Fund and used—

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

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

18 (c) ANNUAL REPORTS.—

19 (1) DEFINITIONS.—In this subsection, the
20 terms “community development financial institu-
21 tion” and “Fund” have the meanings given the
22 terms in section 103 of the Community Development
23 Banking and Financial Institutions Act of 1994 (12
24 U.S.C. 4702).

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

15 (A) the total amount of—

16 (i) loans, loan participations, and in-
17 terests therein purchased from community
18 development financial institutions; and

19 (ii) guarantees, loan loss reserves, and
20 other forms of credit enhancement pro-
21 vided to community development financial
22 institutions;

23 (B) the effect of the purchases and guar-
24 antees made by the Fund on the overall com-

1 petitiveness of community development financial
2 institutions; and

3 (C) the impact of the purchases and guar-
4 antees made by the Fund on the liquidity of
5 community development financial institutions.

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