

106TH CONGRESS
1ST SESSION

H. R. 629

To amend the Community Development Banking and Financial Institutions Act of 1994 to reauthorize the Community Development Financial Institutions Fund and to more efficiently and effectively promote economic revitalization, community development, and community development financial institutions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 1999

Mr. VENTO (for himself and Mrs. ROUKEMA) introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To amend the Community Development Banking and Financial Institutions Act of 1994 to reauthorize the Community Development Financial Institutions Fund and to more efficiently and effectively promote economic revitalization, community development, and community development 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Community Development Financial Institutions Fund
6 Amendments Act of 1999”.

1 (b) TABLE OF CONTENTS.—The table of contents for
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Change of status of the Fund; miscellaneous technical corrections.

Sec. 3. Amendments to programs administered by the Fund and the Bank
 Enterprise Act of 1991.

Sec. 4. Extension of authorization.

Sec. 5. Amendments to Small Business Capital Enhancement Program.

Sec. 6. Additional safeguards.

3 **SEC. 2. CHANGE OF STATUS OF THE FUND; MISCELLANE-**
 4 **OUS TECHNICAL CORRECTIONS.**

5 (a) PURPOSE.—Section 102(b) of the Community
 6 Development Banking and Financial Institutions Act of
 7 1994 (12 U.S.C. 4701(b)) is amended to read as follows:

8 “(b) PURPOSE.—The purpose of this subtitle is to
 9 create a Community Development Financial Institutions
 10 Fund to promote economic revitalization and community
 11 development through investment in and assistance to com-
 12 munity development financial institutions, including en-
 13 hancing the liquidity of community development financial
 14 institutions, and through incentives to insured depository
 15 institutions that increase lending and other assistance and
 16 investment in both economically distressed communities
 17 and community development financial institutions.”.

18 (b) DEFINITIONS.—

19 (1) Section 103 of the Community Development
 20 Banking and Financial Institutions Act of 1994 is
 21 amended—

1 (A) by striking paragraph (1);

2 (B) by redesignating paragraphs (2)
3 through (17) as paragraphs (1) through (16),
4 respectively; and

5 (C) by inserting after paragraph (16), as
6 so redesignated, the following new paragraph:

7 “(17) SECRETARY.—Except in the case of sec-
8 tion 104(d)(2), the term ‘Secretary’ means the Sec-
9 retary of the Treasury.”.

10 (2) The Community Development Banking and
11 Financial Institutions Act of 1994 (12 U.S.C. 4701
12 et seq.) is amended (other than in section 118) by
13 striking “Administrator” each place such term ap-
14 pears and inserting “Secretary”.

15 (c) ESTABLISHMENT OF FUND WITHIN THE DE-
16 PARTMENT OF THE TREASURY.—

17 (1) IN GENERAL.—Section 104(a) of the Com-
18 munity Development Banking and Financial Institu-
19 tions Act of 1994 (12 U.S.C. 4703(a)) is amended
20 to read as follows:

21 “(a) ESTABLISHMENT.—

22 “(1) IN GENERAL.—There is established in the
23 Department of the Treasury a Community Develop-
24 ment Financial Institutions Fund that shall have the
25 functions specified by this subtitle and subtitle B of

1 Title II. The offices of the Fund shall be in Wash-
2 ington, D.C. The Fund shall not be affiliated with
3 any other agency or department of the Federal
4 Government.

5 “(2) WHOLLY OWNED GOVERNMENT CORPORA-
6 TION.—The Fund shall be a wholly owned govern-
7 ment corporation within the Department of the
8 Treasury and shall be treated in all respects as an
9 agency of the United States, except as otherwise
10 provided in this subtitle.”.

11 (2) AUTHORITY OF THE SECRETARY OF THE
12 TREASURY.—Section 104(b) of the Community De-
13 velopment Banking and Financial Institutions Act of
14 1994 (12 U.S.C. 4703(b)) is amended to read as
15 follows:

16 “(b) MANAGEMENT OF FUND.—

17 “(1) AUTHORITY OF SECRETARY OF THE
18 TREASURY.—All functions of the Fund shall be per-
19 formed by or under the supervision of the Secretary.

20 “(2) APPOINTMENT OF OFFICERS AND EMPLOY-
21 EES.—The Secretary may appoint such officers and
22 employees of the Fund, including a Director, as the
23 Secretary deems necessary or appropriate.”.

24 (3) INSPECTOR GENERAL.—

1 (A) IN GENERAL.—Section 118 of the
2 Community Development Banking and Finan-
3 cial Institutions Act of 1994 is amended to read
4 as follows:

5 **“SEC. 118. INSPECTOR GENERAL.**

6 “The Inspector General of the Department of the
7 Treasury shall be the Inspector General of the Fund.”.

8 (B) TECHNICAL AND CONFORMING AMEND-
9 MENT.—Section 11 of the Inspector General
10 Act of 1978 (5 U.S.C. App. 3) is amended—

11 (i) in paragraph (1), by striking “; the
12 Administrator of the Community Develop-
13 ment Financial Institutions Fund;”; and

14 (ii) in paragraph (2), by striking “the
15 Community Development Financial Insti-
16 tutions Fund,”.

17 (4) TECHNICAL CORRECTION TO RULEMAKING
18 AUTHORITY.—Section 119(a)(1) of the Community
19 Development Banking and Financial Institutions Act
20 of 1994 (12 U.S.C. 4717(a)(1)) is amended to read
21 as follows:

22 “(1) IN GENERAL.—The Secretary may pre-
23 scribe such regulations and procedures as may be
24 necessary to carry out this subtitle.”.

1 **SEC. 3. AMENDMENTS TO PROGRAMS ADMINISTERED BY**
2 **THE FUND AND THE BANK ENTERPRISE ACT**
3 **OF 1991.**

4 (a) AMENDMENTS TO COMMUNITY DEVELOPMENT
5 FINANCIAL INSTITUTIONS PROGRAM.—

6 (1) FORM OF ASSISTANCE PROVIDED.—Section
7 108(a)(1)(B)(iii) of the Community Development
8 Banking and Financial Institutions Act of 1994 (12
9 U.S.C. 4707(a)(1)(B)(iii)) is amended by inserting
10 “through cooperative agreements or” before “by
11 contracting”.

12 (2) TRAINING PROGRAMS.—Section 109(d) of
13 the Community Development Banking and Financial
14 Institutions Act of 1994 (12 U.S.C. 4708(d)) is
15 amended to read as follows:

16 “(d) FORM OF TRAINING.—The Fund may offer the
17 training program described in this section—

18 “(1) directly; or

19 “(2) through grants, contracts, or cooperative
20 agreements with other organizations that possess
21 special expertise in community development, without
22 regard to whether the organizations receive or are
23 eligible to receive assistance under this subtitle.”.

24 (b) AMENDMENTS TO THE BANK ENTERPRISE ACT
25 AWARDS PROGRAM.—

1 (1) AWARDS FOR ASSISTANCE TO COMMUNITY
2 DEVELOPMENT FINANCIAL INSTITUTIONS.—Para-
3 graph (2) of section 233(a) of the Bank Enterprise
4 Act (12 U.S.C. 1834a(a)) is amended—

5 (A) in that portion of such paragraph
6 which precedes subparagraph (A), by striking
7 “for for” and inserting “for”;

8 (B) in subparagraph (A), by striking “for
9 low- and moderate-income persons” and insert-
10 ing “to community development financial insti-
11 tutions, low- and moderate-income persons”;
12 and

13 (C) in subparagraph (B)—

14 (i) by inserting “of the increase” after
15 “the amount”; and

16 (ii) by striking “financial” each place
17 such term appears.

18 (2) INCREASE IN AWARD AMOUNTS FOR CER-
19 TAIN ACTIVITIES.—Section 114(b)(2) of the Commu-
20 nity Development Banking and Financial Institu-
21 tions Act of 1994 (12 U.S.C. 4713(b)(2)) is amend-
22 ed by amending the substitute text used to apply
23 section 233(a)(3) of the Bank Enterprise Act of
24 1991—

1 (A) in subparagraph (A), by inserting “or
2 (2)(B)” after “paragraph (2)(A)”;

3 (B) in subparagraph (A)(i), by inserting
4 “each” before “such subparagraph”; and

5 (C) in subparagraph (A)(ii), by inserting
6 “each” before “such subparagraph”.

7 (3) AWARDING CREDIT FOR ADDITIONAL QUALI-
8 FIED ACTIVITIES.—Paragraph (4) of section 233(a)
9 of the Bank Enterprise Act (12 U.S.C. 1834a(a)(4))
10 is amended—

11 (A) in the portion of such paragraph which
12 precedes subparagraph (A), by inserting “and
13 (2)(B)” after “paragraph (2)(A)”;

14 (B) by adding at the end the following new
15 subparagraph:

16 “(P) Other forms of assistance that the
17 Board determines to be appropriate.

18 (4) EVALUATION OF TECHNICAL ASSISTANCE
19 PROVIDED.—Section 233(a)(7) of the Bank Enter-
20 prise Act (12 U.S.C. 1834a(a)(7)) is amended—

21 (A) by inserting “and other” after “tech-
22 nical”; and

23 (B) by striking “and (O)” and inserting
24 instead “(O), and (P)”.

1 (5) ESTABLISHING ALTERNATIVE CRITERIA IN
 2 DEFINING CERTAIN DISTRESSED COMMUNITIES.—
 3 Section 233(b)(4)(C) of the Bank Enterprise Act
 4 (12 U.S.C. 1834a(b)(4)(C)) is amended by inserting
 5 “or alternative” before “eligibility requirements”.

6 **SEC. 4. EXTENSION OF AUTHORIZATION.**

7 Paragraph (1) of section 121(a) of the Community
 8 Development Banking and Financial Institutions Act of
 9 1994 (12 U.S.C. 4718(a)) is amended to read as follows:

10 “(1) IN GENERAL.—To carry out this subtitle
 11 and subtitle B of title II, there are authorized to be
 12 appropriated to the Fund, to remain available until
 13 expended—

14 “(A) \$95,000,000 for fiscal year 2000;

15 “(B) \$100,000,000 for fiscal year 2001;

16 “(C) \$105,000,000 for fiscal year 2002;

17 and

18 “(D) \$110,000,000 for fiscal year 2003.”.

19 **SEC. 5. AMENDMENTS TO SMALL BUSINESS CAPITAL EN-**
 20 **HANCEMENT PROGRAM.**

21 (a) DEFINITION OF FINANCIAL INSTITUTION.—Sec-
 22 tion 252(5) of the Riegle Community Development and
 23 Regulatory Improvement Act of 1994 (12 U.S.C. 4742(5))
 24 is amended by inserting “any community development fi-

1 nancial institution (as defined in section 103(5) of this
2 Act) and,” before “any federally chartered”.

3 (b) ELIMINATION OF THRESHOLD APPROPRIA-
4 TION.—Section 253 of the Riegle Community Develop-
5 ment and Regulatory Improvement Act of 1994 (12
6 U.S.C. 4743) is amended by striking subsection (d) and
7 redesignating subsection (e) as subsection (d).

8 (c) CONFORMING AMENDMENT.—Section 254(a) of
9 the Riegle Community Development and Regulatory Im-
10 provement Act of 1994 (12 U.S.C. 4744(a)) is amended
11 by inserting “(if any)” after “appropriate Federal banking
12 agency”.

13 (d) AMENDMENTS TO REIMBURSEMENT AUTHOR-
14 ITY.—Section 257(a) of the Riegle Community Develop-
15 ment and Regulatory Improvement Act of 1994 (12
16 U.S.C. 4747(a)) is amended to read as follows—

17 “(a) REIMBURSEMENTS.—

18 “(1) IN GENERAL.—The Fund shall reimburse
19 participating States according to criteria established
20 by the Fund.

21 “(2) EXAMPLES OF CRITERIA.—Criteria estab-
22 lished under paragraph (1) may include whether a
23 participating State is creating a new program, is ex-
24 panding in scope or scale an existing State program,
25 the need for Fund reimbursement, the availability of

1 Fund resources, and other criteria established by the
2 Fund.

3 “(3) TIMING AND AMOUNT OF REIMBURSE-
4 MENT.—Not later than 30 calendar days after re-
5 ceiving a report filed in compliance with section 256,
6 the Fund shall reimburse a participating State meet-
7 ing such criteria in an amount equal to up to 50
8 percent of the amount of contributions by the par-
9 ticipating State to the reserve funds that are subject
10 to reimbursement by the Fund pursuant to section
11 256 and this section, until such sums made available
12 by the Fund for this purpose are expended.”.

13 (e) CONFORMING AMENDMENT.—Section 260 of the
14 Riegle Community Development and Regulatory Improve-
15 ment Act of 1994 (12 U.S.C. 4750) is hereby repealed.

16 **SEC. 6. ADDITIONAL SAFEGUARDS.**

17 (a) NEUTRAL REVIEW REQUIREMENTS.—Section
18 107 of the Community Development Banking and Finan-
19 cial Institutions Act of 1994 (12 U.S.C. 4706) is amended
20 by adding at the end the following new subsections:

21 “(c) OBJECTIVE SCORING SYSTEM.—

22 “(1) IN GENERAL.—For purposes of making
23 any evaluation under subsection (a) of any applica-
24 tion, the Fund shall develop a scoring system which
25 assigns a relative point value to each factor required

1 to be considered under paragraphs (1) through (14)
2 of subsection (a) in connection with the selection of
3 applicants.

4 “(2) NOTICE OF SCORING SYSTEM.—A descrip-
5 tion of the scoring system shall be included in any
6 notice of funding availability issued by the Fund.

7 “(d) NEUTRAL MULTIPERSON REVIEW PANEL.—

8 “(1) IN GENERAL.—The Fund shall convene
9 multiperson review panels to—

10 “(A) review all applications for selection,
11 under subsection (a), on the basis of the factors
12 required to be considered under paragraphs (1)
13 through (14) of subsection (a) using the objec-
14 tive scoring system developed pursuant to sub-
15 section (c) before any selection is made by the
16 Fund under subsection (a) with respect to such
17 applications; and

18 “(B) make recommendations with regard
19 to such selections to the Fund on the basis of
20 such review.

21 “(2) COMPOSITION.—The multiperson review
22 panels shall each consist of such number of members
23 as the Fund determines to be appropriate, but not
24 less than 3, who shall be appointed from among in-
25 dividuals who, by virtue of their education, training,

1 or experience, are specially qualified to carry out the
2 responsibilities of the panel and at least 1/3 of the
3 members of each panel shall be appointed from
4 among individuals with diverse experiences who are
5 not officers or employees of any government.”.

6 (b) ADDITIONAL INFORMATION TO BE INCLUDED IN
7 ANNUAL REPORTS.—Section 117 of the Community De-
8 velopment Banking and Financial Institutions Act of 1994
9 (12 U.S.C. 4716) is amended by adding at the end the
10 following new subsections:

11 “(g) CONTRACT AND COMPLIANCE INFORMATION.—
12 The annual report submitted to the Congress by the Fund
13 pursuant to subsection (a) shall contain the following in-
14 formation:

15 “(1) SERVICES OF CONTRACTORS.—Information
16 on the use of contractors to carry out any function
17 of the Fund under this subtitle, including—

18 “(A) a description of the services provided
19 by contractors under this subtitle during the
20 period covered by the report;

21 “(B) a description of the procurement
22 process utilized to obtain such services;

23 “(C) the basis of the authority of the Fund
24 to contract for the services so obtained; and

1 “(D) the total amount obligated by the
2 Fund for such contracts.

3 “(2) COMPLIANCE WITH OTHER REQUIRE-
4 MENTS.—An evaluation of the extent to which the
5 Fund is maintaining compliance, in connection with
6 the activities of the Fund under this subtitle and
7 subtitle B of title II, with the requirements of, and
8 regulations prescribed pursuant to subsections (b)
9 and (d) of section 3512 of title 31, United States
10 Code.

11 “(3) PLAN FOR ADDRESSING WEAKNESSES OF
12 INTERNAL CONTROLS.—A plan for addressing any
13 material weakness in internal controls identified in
14 the most recent external audit pursuant to sub-
15 section (f).”.

16 “(c) REPORT ON IMPLEMENTATION OF SCORING SYS-
17 TEM.—The 1st annual report submitted by the Fund to
18 the Congress under section 117(a) of the Community De-
19 velopment Banking and Financial Institutions Act of 1994
20 after the effective date of this Act shall include a complete
21 description of the implementation of the scoring system
22 required under subsection (c) of the amendment made by
23 subsection (a) of this section, including a description of
24 the methodology of the system.

1 (d) GAO REPORT.—Before the end of the 18-month
2 period beginning on the date of the enactment of this Act,
3 the Comptroller General of the United States shall submit
4 a report to the Congress evaluating the structure, govern-
5 ance, and performance of the Community Development Fi-
6 nancial Institutions Fund.

7 (e) PRIOR NOTICE OF CONTRACTS.—For the purpose
8 of ensuring that the requirements of section 8(a) of the
9 Small Business Act are being met, and preventing eva-
10 sions of such requirements, with regard to contracts in-
11 volving the Fund and contractors under such section, the
12 Fund shall submit a notice of any such contract to the
13 Congress at least 15 days before any performance is due
14 under such contract.

15 (f) TECHNICAL AND CONFORMING AMENDMENT.—
16 That portion of section 107(a) of the Community Develop-
17 ment Banking and Financial Institutions Act of 1994 (12
18 U.S.C. 4706(a)) which appears before paragraph (1) of
19 such section is amended to read as follows:

20 “(a) SELECTION CRITERIA.—Except as provided in
21 section 113, the Fund shall, after considering the results
22 of the scoring system developed under subsection (c) and
23 the recommendations of the multiperson review panels
24 under subsection (d), select community development finan-

1 cial institution applicants meeting the requirements of sec-
2 tion 105 for assistance based on—”.

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