

112TH CONGRESS
1ST SESSION

H. R. 3635

To encourage initiatives for financial products and services that are appropriate and accessible for millions of American small businesses that do not have access to the financial mainstream.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 12, 2011

Mrs. MALONEY (for herself and Ms. RICHARDSON) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To encourage initiatives for financial products and services that are appropriate and accessible for millions of American small businesses that do not have access to the financial mainstream.

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 “Investing in America’s
5 Small Businesses Act of 2011”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

1 (1) Small businesses in underserved areas have
2 for generations been unable to access affordable
3 credit.

4 (2) The financial crisis of 2008 only served to
5 exacerbate efforts by entrepreneurs to access capital
6 for the purpose of creating jobs and improving eco-
7 nomic outcomes in the community.

8 (3) The Create Jobs for USA campaign by
9 Starbucks Coffee Company and Opportunity Fi-
10 nance Network, through community development fi-
11 nancial institutions, will provide loans to under-
12 served small businesses and microenterprises to cre-
13 ate and sustain jobs throughout America. This will
14 allow Americans to help Americans create and sus-
15 tain jobs, but will not be enough to help our Na-
16 tion's small businesses.

17 (4) Small business investments revitalize com-
18 munities by creating jobs but also contribute to the
19 local tax base, which helps finance investments in
20 schools, hospitals, infrastructure, and public safety.

21 (5) The Community Development Financial In-
22 stitutions Fund, an agency of the Federal Govern-
23 ment located within the United States Department
24 of the Treasury, has reported that in 2010 alone,
25 community development financial institutions award-

1 ees originated loans or investments totaling more
2 than \$1 billion, and financed almost 18,000 afford-
3 able housing units; more than 5,200 business and
4 microenterprise loans; and created or maintained
5 over 25,000 jobs and leveraged \$1.5 billion in pri-
6 vate investment.

7 (6) The Community Development Financial In-
8 stitutions Fund awardees have almost tripled jobs
9 created since 2007, making almost 14,000 loans to
10 small businesses on average each year, representing
11 an average investment of close to \$1 billion annu-
12 ally.

13 (7) The Community Development Financial In-
14 stitutions Fund is well placed to complement the
15 Create Jobs for USA campaign through careful, tar-
16 geted investments in community development finan-
17 cial institutions for the purposes of improving eco-
18 nomic outcomes for underserved families across the
19 country.

20 **SEC. 3. GRANTS TO ESTABLISH LOAN-LOSS RESERVE**
21 **FUNDS FOR SMALL BUSINESS LENDING.**

22 (a) IN GENERAL.—The Community Development
23 Banking and Financial Institutions Act of 1994 (12
24 U.S.C. 4701 et seq.) is amended by adding at the end
25 the following:

1 **“SEC. 123. GRANTS TO ESTABLISH LOAN-LOSS RESERVE**
2 **FUNDS FOR SMALL BUSINESS LENDING.**

3 “(a) PURPOSES.—The purposes of this section are—

4 “(1) to make financial assistance available from
5 the Fund in order to help community development
6 financial institutions defray the costs of operating
7 small business loan programs, by providing the
8 amounts necessary for such institutions to establish
9 their own loan loss reserve funds to mitigate some
10 of the losses on such small business loan programs;

11 “(2) to encourage community development fi-
12 nancial institutions to establish and maintain small
13 business loan programs that would help provide bor-
14 rowers access to mainstream financial institutions
15 and combat high cost small business lending; and

16 “(3) to encourage community development fi-
17 nancial institutions to expand the development serv-
18 ices they offer and to serve new investment areas
19 and new targeted populations.

20 “(b) GRANTS.—

21 “(1) LOAN-LOSS RESERVE FUND GRANTS.—

22 “(A) IN GENERAL.—The Fund shall make
23 grants to community development financial in-
24 stitutions to enable such institutions to estab-
25 lish a loan-loss reserve fund in order to defray

1 the costs of a small business loan program es-
2 tablished or maintained by such institution.

3 “(B) APPLICATION.—A community devel-
4 opment financial institution that wishes to re-
5 ceive a grant under this paragraph shall submit
6 an application to the Administrator in such
7 form and manner and containing such informa-
8 tion as the Administrator may require.

9 “(C) MATCHING REQUIREMENT.—A com-
10 munity development financial institution shall
11 provide non-Federal matching funds in an
12 amount equal to 50 percent of the amount of
13 any grant received under this paragraph.

14 “(D) USE OF FUNDS.—Any grant amounts
15 received by a community development financial
16 institution under this paragraph—

17 “(i) may not be used by such institu-
18 tion to provide direct loans to small busi-
19 nesses;

20 “(ii) may be used by such institution
21 to help recapture a portion or all of a de-
22 faulted loan made under the small business
23 loan program of such institution on or
24 after the date of the enactment of this sec-
25 tion; and

1 “(iii) may be used to designate and
2 utilize a fiscal agent for services normally
3 provided by such an agent.

4 “(2) TECHNICAL ASSISTANCE GRANTS.—

5 “(A) IN GENERAL.—The Fund shall make
6 technical assistance grants to community devel-
7 opment financial institutions to create, support,
8 or maintain a small business loan program. Any
9 grant amounts received under this paragraph
10 may be used for—

11 “(i) technology, staff support, staff
12 capacity building, and other costs associ-
13 ated with establishing, supporting, or
14 maintaining a small business loan pro-
15 gram; and

16 “(ii) establishing, supporting, or
17 maintaining technical assistance programs
18 for borrowers.

19 “(B) APPLICATION.—A community devel-
20 opment financial institution that wishes to re-
21 ceive a grant under this paragraph shall submit
22 an application to the Administrator in such
23 form and manner and containing such informa-
24 tion as the Administrator may require.

1 “(c) REPORTS.—For each fiscal year for which
2 grants are made under this section, the Administrator
3 shall submit a report to the Committee on Financial Serv-
4 ices of the House of Representatives and the Committee
5 on Banking, Housing, and Urban Affairs of the Senate
6 containing a description of the activities funded and
7 amounts distributed under this section for such fiscal year,
8 as well as measurable results of such actions.

9 “(d) AUTHORIZATION OF APPROPRIATIONS.—

10 “(1) IN GENERAL.—There are authorized to be
11 appropriated to the Fund \$25,000,000 for each of
12 fiscal years 2012 to 2017 to carry out this section.

13 “(2) ADMINISTRATIVE COSTS.—There are au-
14 thorized to be appropriated to the Fund \$5,000,000
15 for each of fiscal years 2012 to 2017 for the admin-
16 istrative costs of carrying out this section.

17 “(e) DEFINITIONS.—For purposes of this section:

18 “(1) SMALL BUSINESS.—The term ‘small busi-
19 ness’ has the meaning given the term ‘small business
20 concern’ under section 3(a) of the Small Business
21 Act (15 U.S.C. 632(a)).

22 “(2) SMALL BUSINESS LOAN PROGRAM.—The
23 term ‘small business loan program’ means a loan
24 program wherein a community development financial
25 institution offers loans to small businesses that—

1 “(A) are made in amounts not exceeding
2 \$25,000;

3 “(B) have no pre-payment penalty; and

4 “(C) meet any other affordability require-
5 ments as may be established by the Adminis-
6 trator.”.

7 (b) CONFORMING AMENDMENT.—The table of con-
8 tents for the Riegle Community Development and Regu-
9 latory Improvement Act of 1994 is amended by inserting
10 after the item relating to section 121 the following:

“Sec. 122. Grants to establish loan-loss reserve funds.

“Sec. 123. Grants to establish loan-loss reserve funds for small business lend-
ing.”.

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