

104TH CONGRESS
1ST SESSION

H. R. 722

To authorize the Secretary of the Treasury to issue guarantee commitments for debt securities issued by the Community Development Financial Institutions Fund, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 27, 1995

Ms. WATERS introduced the following bill; which was referred to the Committee on Banking and Financial Service

A BILL

To authorize the Secretary of the Treasury to issue guarantee commitments for debt securities issued 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 “Community Develop-
5 ment Financial Institutions Fund Securities Guarantee
6 Act of 1995”.

1 **SEC. 2. DEBT SECURITIES GUARANTEES AUTHORIZED.**

2 (a) IN GENERAL.—Section 104 of the Community
3 Development Banking and Financial Institutions Act of
4 1994 (12 U.S.C. 4703(h)) is amended—

5 (1) by redesignating subsections (i), (j), and (k)
6 as subsections (j), (k), and (l), respectively; and

7 (2) by inserting after subsection (h) the follow-
8 ing new subsection:

9 “(i) GUARANTEES FOR DEBT SECURITIES ISSUED BY
10 FUND.—

11 “(1) IN GENERAL.—Subject to paragraph (2)
12 and under such terms and conditions as the Sec-
13 retary of the Treasury may determine to be appro-
14 priate, the Secretary may issue, in fiscal years 1996,
15 1997, and 1998, guarantees assuring against losses
16 of principal, interest, or principal and interest in-
17 curred in connection with debt securities issued by
18 the Fund in support of the financial assistance pro-
19 vided by the Fund pursuant to section 108.

20 “(2) MAXIMUM AMOUNT LIMITATIONS.—The
21 total amount of principal of debt securities for which
22 guarantees may be issued under paragraph (1) shall
23 not exceed the following amount with respect to each
24 of the following fiscal years:

“Fiscal year:	Maximum amount:
1996	\$2,000,000,000
1997	\$2,000,000,000

1998 \$2,000,000,000.

1 “(3) MAXIMUM TERM TO MATURITY LIMITA-
2 TION.—No guarantee issued under this subsection
3 may be effective for a period exceeding 20 years.

4 “(4) FULL FAITH AND CREDIT.—Guarantees is-
5 sued under this section shall constitute obligations,
6 in accordance with the terms of such guarantees, of
7 the United States of America and the full faith and
8 credit of the United States of America is hereby
9 pledged for the full payment and performance of
10 such obligations.

11 “(5) PROVISIONS RELATING TO BUDGET ACT
12 REQUIREMENT.—

13 “(A) CREDIT AUTHORITY.—Guarantees
14 may be issued under this subsection for any fis-
15 cal year only to such extent and in such
16 amounts as are provided in advance in appro-
17 priation Acts.

18 “(B) BUDGET AUTHORITY TO COVER
19 COST.—Guarantees may be issued under this
20 subsection for any fiscal year only to the extent
21 that appropriations of budget authority to cover
22 the costs (as defined in section 502(5) of the
23 Congressional Budget Act of 1974) of such
24 guarantees are made in advance.”.

1 (b) EXCEPTION TO PROHIBITION ON ISSUANCE OF
2 DEBT SECURITIES FOR GUARANTEED SECURITIES.—Sub-
3 section (h) of section 104 of the Community Development
4 Banking and Financial Institutions Act of 1994 (12
5 U.S.C. 4703(h)) is amended to read as follows:

6 “(h) PROHIBITION ON ISSUANCE OF SECURITIES.—

7 “(1) IN GENERAL.—Except as provided in para-
8 graph (2), the Fund may not issue stocks, bonds,
9 debentures, notes or other securities.

10 “(2) EXCEPTION FOR GUARANTEED DEBT IN-
11 STRUMENTS.—Paragraph (1) shall not apply with
12 respect to any debt instrument issued by the
13 Fund—

14 “(A) for which a guarantee has been is-
15 sued by the Secretary of the Treasury in ac-
16 cordance with subsection (i) so long as such
17 guarantee remains in effect for such debt in-
18 strument; and

19 “(B) the period to maturity of which does
20 not exceed the effective period of such guaran-
21 tee.”.

22 (c) LIMITATION ON USES OF PROCEEDS OF GUARAN-
23 TEED DEBT SECURITIES.—Section 108(a) of the Commu-
24 nity Development Banking and Financial Institutions Act

1 of 1994 (12 U.S.C. 4707(a)) is amended by adding at the
2 end the following new paragraph:

3 “(5) LIMITATION ON USES OF PROCEEDS OF
4 GUARANTEED DEBT SECURITIES.—In the case of
5 any debt security issued by the Fund for which a
6 guarantee has been issued by the Secretary of the
7 Treasury under section 104(i), the proceeds from
8 the issuance of such security may not be used by the
9 Fund to provide financial assistance under this sec-
10 tion, including equity investment, with respect to
11 any community development financial institution
12 which has total assets of more than \$50,000,000.”.

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