

109TH CONGRESS  
2D SESSION

# H. R. 6062

To enhance community development investments by financial institutions,  
and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 13, 2006

Mr. FRANK of Massachusetts (for himself and Mr. OXLEY) introduced the  
following bill; which was referred to the Committee on Financial Services

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## A BILL

To enhance community development investments by 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.**

4       This Act may be cited as the “Community Develop-  
5       ment Investment Enhancements Act of 2006”.

6       **SEC. 2. ENHANCING THE AUTHORITY FOR NATIONAL**  
7                       **BANKS TO MAKE COMMUNITY DEVELOPMENT**  
8                       **INVESTMENTS.**

9       (a) NATIONAL BANKS.—The last sentence in the  
10       paragraph designated as the “Eleventh.” of section 5136

1 of the Revised Statutes of the United States (12 U.S.C.  
2 24) is amended—

3 (1) by striking “10 percent” each place such  
4 term appears and inserting “15 percent”; and

5 (2) by adding at the end the following new sen-  
6 tence: “The preceding standards and limitations  
7 apply to each investment under this paragraph made  
8 by a national bank directly and by its subsidiaries.”.

9 (b) STATE MEMBER BANKS.—The last sentence of  
10 the 23rd undesignated paragraph of section 9 of the Fed-  
11 eral Reserve Act (12 U.S.C. 338a) is amended—

12 (1) by striking “10 percent” each place such  
13 term appears and inserting “15 percent”; and

14 (2) by adding at the end the following new sen-  
15 tence: “The preceding standards and limitations  
16 apply to each investment under this paragraph made  
17 by a State member bank directly and by its subsidi-  
18 aries.”.

19 **SEC. 3. INVESTMENTS BY FEDERAL SAVINGS ASSOCIA-**  
20 **TIONS AUTHORIZED TO PROMOTE THE PUB-**  
21 **LIC WELFARE.**

22 (a) IN GENERAL.—Section 5(c)(3) of the Home Own-  
23 ers’ Loan Act (12 U.S.C. 1464(c)) is amended by adding  
24 at the end the following new subparagraph:

1           “(D) DIRECT INVESTMENTS TO PROMOTE  
2 THE PUBLIC WELFARE.—

3           “(i) IN GENERAL.—A Federal savings  
4 association may make investments de-  
5 signed primarily to promote the public wel-  
6 fare, including the welfare of low- and  
7 moderate-income communities or families  
8 through the provision of housing, services,  
9 and jobs.

10           “(ii) DIRECT INVESTMENTS OR ACQUI-  
11 SITION OF INTEREST IN OTHER COMPA-  
12 NIES.—Investments under clause (i) may  
13 be made directly or by purchasing interests  
14 in an entity primarily engaged in making  
15 such investments.

16           “(iii) PROHIBITION ON UNLIMITED LI-  
17 ABILITY.—No investment may be made  
18 under this subparagraph which would sub-  
19 ject a Federal savings association to unlim-  
20 ited liability to any person.

21           “(iv) SINGLE INVESTMENT LIMITA-  
22 TION TO BE ESTABLISHED BY DIREC-  
23 TOR.—Subject to clauses (v) and (vi), the  
24 Director shall establish, by order or regula-  
25 tion, limits on—

1                   “(I) the amount any savings as-  
2                   society may invest in any 1 project;  
3                   and

4                   “(II) the aggregate amount of in-  
5                   vestment of any savings association  
6                   under this subparagraph.

7                   “(v) FLEXIBLE AGGREGATE INVEST-  
8                   MENT LIMITATION.—The aggregate  
9                   amount of investments of any savings asso-  
10                  ciation under this subparagraph may not  
11                  exceed an amount equal to the sum of 5  
12                  percent of the savings association’s capital  
13                  stock actually paid in and unimpaired and  
14                  5 percent of the savings association’s  
15                  unimpaired surplus, unless—

16                  “(I) the Director determines that  
17                  the savings association is adequately  
18                  capitalized; and

19                  “(II) the Director determines, by  
20                  order, that the aggregate amount of  
21                  investments in a higher amount than  
22                  the limit under this clause will pose  
23                  no significant risk to the affected de-  
24                  posit insurance fund.

1           “(vi) MAXIMUM AGGREGATE INVEST-  
2           MENT           LIMITATION.—Notwithstanding  
3           clause (v), the aggregate amount of invest-  
4           ments of any savings association under  
5           this subparagraph may not exceed an  
6           amount equal to the sum of 15 percent of  
7           the savings association’s capital stock actu-  
8           ally paid in and unimpaired and 15 per-  
9           cent of the savings association’s  
10          unimpaired surplus.

11          “(vii) INVESTMENTS NOT SUBJECT TO  
12          OTHER LIMITATION ON QUALITY OF IN-  
13          VESTMENTS.—No obligation a Federal sav-  
14          ings association acquires or retains under  
15          this subparagraph shall be taken into ac-  
16          count for purposes of the limitation con-  
17          tained in section 28(d) of the Federal De-  
18          posit Insurance Act on the acquisition and  
19          retention of any corporate debt security  
20          not of investment grade.

21          “(viii) APPLICABILITY OF STANDARDS  
22          TO EACH INVESTMENT.—The standards  
23          and limitations of this subparagraph shall  
24          apply to each investment under this sub-

1 paragraph made by a savings association  
2 directly and by its subsidiaries.”.

3 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

4 Section 5(c)(3)(A) of the Home Owners’ Loan Act (12  
5 U.S.C. 1464(c)(3)(A)) is amended to read as follows:

6 “(A) [Repealed]”.

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