

110TH CONGRESS  
1ST SESSION

# H. R. 1066

To increase community development investments by depository institutions,  
and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 15, 2007

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

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## A BILL

To increase community development investments by  
depository 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 “Depository Institution  
5 Community Development Investments Enhancement Act”.

6 **SEC. 2. TECHNICAL CORRECTIONS.**

7       (a) NATIONAL BANKS.—The first sentence of the  
8 paragraph designated as the “Eleventh” of section 5136  
9 of the Revised Statutes of the United States (12 U.S.C.  
10 24) (as amended by section 305(a) of the Financial Serv-

1 ices Regulatory Relief Act of 2006) is amended by striking  
2 “promotes the public welfare by benefiting primarily” and  
3 inserting “is designed primarily to promote the public wel-  
4 fare, including the welfare of”.

5 (b) STATE MEMBER BANKS.—The first sentence of  
6 the 23rd undesignated paragraph of section 9 of the Fed-  
7 eral Reserve Act (12 U.S.C. 338a) (as amended by section  
8 305(b) of the Financial Services Regulatory Relief Act of  
9 2006) is amended by striking “promotes the public welfare  
10 by benefiting primarily” and inserting “is designed pri-  
11 marily to promote the public welfare, including the welfare  
12 of”.

13 **SEC. 3. INVESTMENTS BY FEDERAL SAVINGS ASSOCIA-**  
14 **TIONS AUTHORIZED TO PROMOTE THE PUB-**  
15 **LIC WELFARE.**

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

19 “(D) DIRECT INVESTMENTS TO PROMOTE  
20 THE PUBLIC WELFARE.—

21 “(i) IN GENERAL.—A Federal savings  
22 association may make investments, directly  
23 or indirectly, each of which is designed pri-  
24 marily to promote the public welfare, in-  
25 cluding the welfare of low- and moderate-

1 income communities or families through  
2 the provision of housing, services, and jobs.

3 “(ii) DIRECT INVESTMENTS OR ACQUI-  
4 SITION OF INTEREST IN OTHER COMPA-  
5 NIES.—Investments under clause (i) may  
6 be made directly or by purchasing interests  
7 in an entity primarily engaged in making  
8 such investments.

9 “(iii) PROHIBITION ON UNLIMITED LI-  
10 ABILITY.—No investment may be made  
11 under this subparagraph which would sub-  
12 ject a Federal savings association to unlim-  
13 ited liability to any person.

14 “(iv) SINGLE INVESTMENT LIMITA-  
15 TION TO BE ESTABLISHED BY DIREC-  
16 TOR.—Subject to clauses (v) and (vi), the  
17 Director shall establish, by order or regula-  
18 tion, limits on—

19 “(I) the amount any savings as-  
20 sociation may invest in any 1 project;  
21 and

22 “(II) the aggregate amount of in-  
23 vestment of any savings association  
24 under this subparagraph.

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

10                   “(I) the Director determines that  
11                   the savings association is adequately  
12                   capitalized; and

13                   “(II) the Director determines, by  
14                   order, that the aggregate amount of  
15                   investments in a higher amount than  
16                   the limit under this clause will pose  
17                   no significant risk to the affected de-  
18                   posit insurance fund.

19           “(vi) MAXIMUM AGGREGATE INVEST-  
20           MENT       LIMITATION.—Notwithstanding  
21           clause (v), the aggregate amount of invest-  
22           ments of any savings association under  
23           this subparagraph may not exceed an  
24           amount equal to the sum of 15 percent of  
25           the savings association’s capital stock actu-

1 ally paid in and unimpaired and 15 per-  
2 cent of the savings association's  
3 unimpaired surplus.

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

14 “(viii) APPLICABILITY OF STANDARDS  
15 TO EACH INVESTMENT.—The standards  
16 and limitations of this subparagraph shall  
17 apply to each investment under this sub-  
18 paragraph made by a savings association  
19 directly and by its subsidiaries.”.

20 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

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

23 “(A) [Repealed]”.

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