

111TH CONGRESS
1ST SESSION

S. 786

To authorize a grant program to provide for expanded access to mainstream financial institutions.

IN THE SENATE OF THE UNITED STATES

APRIL 2, 2009

Mr. AKAKA (for himself, Mr. SCHUMER, Mr. INOUE, and Mr. LIEBERMAN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To authorize a grant program to provide for expanded access to mainstream financial institutions.

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 “Improving Access to
5 Mainstream Financial Institutions Act of 2009”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act, the following definitions shall apply:

8 (1) ALASKA NATIVE CORPORATION.—The term
9 “Alaska Native Corporation” has the same meaning
10 as the term “Native Corporation” under section

1 3(m) of the Alaska Native Claims Settlement Act
2 (43 U.S.C. 1602(m)).

3 (2) COMMUNITY DEVELOPMENT FINANCIAL IN-
4 STITUTION.—The term “community development fi-
5 nancial institution” has the same meaning as in sec-
6 tion 103(5) of the Community Development Banking
7 and Financial Institutions Act of 1994 (12 U.S.C.
8 4702(5)).

9 (3) FEDERALLY INSURED DEPOSITORY INSTI-
10 TUTION.—The term “federally insured depository in-
11 stitution” means any insured depository institution
12 (as that term is defined in section 3 of the Federal
13 Deposit Insurance Act (12 U.S.C. 1813)) and any
14 insured credit union (as that term is defined in sec-
15 tion 101 of the Federal Credit Union Act (12 U.S.C.
16 1752)).

17 (4) LABOR ORGANIZATION.—The term “labor
18 organization” means an organization—

19 (A) in which employees participate;

20 (B) which exists for the purpose, in whole
21 or in part, of dealing with employers concerning
22 grievances, labor disputes, wages, rates of pay,
23 hours of employment, or conditions of work;
24 and

1 (C) which is described in section 501(c)(5)
2 of the Internal Revenue Code of 1986.

3 (5) NATIVE HAWAIIAN ORGANIZATION.—The
4 term “Native Hawaiian organization” means any or-
5 ganization that—

6 (A) serves and represents the interests of
7 Native Hawaiians; and

8 (B) has as a primary and stated purpose,
9 the provision of services to Native Hawaiians.

10 (6) PAYDAY LOAN.—The term “payday loan”
11 means any transaction in which a small cash ad-
12 vance is made to a consumer in exchange for—

13 (A) the personal check or share draft of
14 the consumer, in the amount of the advance
15 plus a fee, where presentment or negotiation of
16 such check or share draft is deferred by agree-
17 ment of the parties until a designated future
18 date; or

19 (B) the authorization of the consumer to
20 debit the transaction account or share draft ac-
21 count of the consumer, in the amount of the ad-
22 vance plus a fee, where such account will be
23 debited on or after a designated future date.

24 (7) SECRETARY.—The term “Secretary” means
25 the Secretary of the Treasury.

1 (8) TRIBAL ORGANIZATION.—The term “tribal
2 organization” has the same meaning as in section 4
3 of the Indian Self-Determination and Education As-
4 sistance Act (25 U.S.C. 450b).

5 **SEC. 3. EXPANDED ACCESS TO MAINSTREAM FINANCIAL IN-**
6 **STITUTIONS.**

7 (a) ESTABLISHMENT OF PROGRAM.—The Secretary
8 is authorized to award grants, including multi-year grants,
9 to eligible entities to establish an account in a federally
10 insured depository institution for low- and moderate-in-
11 come individuals that currently do not have such an ac-
12 count.

13 (b) ELIGIBLE ENTITIES.—An entity is eligible to re-
14 ceive a grant under this section, if such an entity is—

15 (1) an organization described in section
16 501(c)(3) of the Internal Revenue Code of 1986,
17 and is exempt from taxation under section 501(a) of
18 such Code;

19 (2) a federally insured depository institution;

20 (3) an agency of a State or local government;

21 (4) a community development financial institu-
22 tion;

23 (5) an Indian tribal organization;

24 (6) an Alaska Native Corporation;

25 (7) a Native Hawaiian organization;

1 (8) a labor organization; or

2 (9) a partnership comprised of 1 or more of the
3 entities described in the preceding subparagraphs.

4 (c) EVALUATION AND REPORTS TO CONGRESS.—For
5 each fiscal year in which a grant is awarded under this
6 section, the Secretary shall submit a report to Congress
7 containing a description of the activities funded, amounts
8 distributed, and measurable results, as appropriate and
9 available.

10 **SEC. 4. LOW COST ALTERNATIVES TO PAYDAY LOANS.**

11 (a) ESTABLISHMENT OF PROGRAM.—The Secretary
12 is authorized to award demonstration project grants (in-
13 cluding multi-year grants) to eligible entities to provide
14 low-cost, small loans to consumers that will provide alter-
15 natives to more costly, predatory payday loans.

16 (b) ELIGIBLE ENTITIES.—An entity is eligible to re-
17 ceive a grant under this section if such an entity is—

18 (1) an organization described in section
19 501(c)(3) of the Internal Revenue Code of 1986 and
20 exempt from tax under section 501(a) of such Code;

21 (2) a federally insured depository institution;

22 (3) a community development financial institu-
23 tion; or

24 (4) a partnership comprised of 1 or more of the
25 entities described in paragraphs (1) through (3).

1 (c) TERMS AND CONDITIONS.—

2 (1) PERCENTAGE RATE.—For purposes of this
3 section, an eligible entity that is a federally insured
4 depository institution shall be subject to the annual
5 percentage rate promulgated by the National Credit
6 Union Administration’s Loan Interest Rates under
7 part 701 of title 12, Code of Federal Regulations (or
8 any successor thereto), in connection with a loan
9 provided to a consumer pursuant to this section.

10 (2) FINANCIAL LITERACY AND EDUCATION OP-
11 PORTUNITIES.—Each eligible entity awarded a grant
12 under this section shall offer financial literacy and
13 education opportunities, such as relevant counseling
14 services or educational courses, to each consumer
15 provided with a loan pursuant to this section.

16 (d) EVALUATION AND REPORTS TO CONGRESS.—For
17 each fiscal year in which a grant is awarded under this
18 section, the Secretary shall submit a report to Congress
19 containing a description of the activities funded, amounts
20 distributed, and measurable results, as appropriate and
21 available.

22 **SEC. 5. PROCEDURAL PROVISIONS.**

23 (a) APPLICATIONS.—A person desiring a grant under
24 section 3 or 4 shall submit an application to the Secretary,

1 in such form and containing such information as the Sec-
2 retary may require.

3 (b) **LIMITATION ON ADMINISTRATIVE COSTS.**—A re-
4 cipient of a grant under section 3 or 4 may use not more
5 than 6 percent of the total amount of such grant in any
6 fiscal year for the administrative costs of carrying out the
7 programs funded by such grant in such fiscal year.

8 **SEC. 6. AUTHORIZATION OF APPROPRIATIONS.**

9 There are authorized to be appropriated to the Sec-
10 retary, such sums as are necessary to carry out the grant
11 programs authorized by this Act, to remain available until
12 expended.

13 **SEC. 7. REGULATIONS.**

14 The Secretary is authorized to promulgate regula-
15 tions to implement and administer the grant programs au-
16 thorized by this Act.

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