

# STATE OF NEW YORK

7703

## IN SENATE

February 9, 2018

Introduced by Sen. HAMILTON -- read twice and ordered printed, and when printed to be committed to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the New York state urban development corporation act, in relation to creating the community development revolving loan program

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Section 1 of chapter 174 of the laws of 1968, constituting  
2 the New York state urban development corporation act, is amended by  
3 adding a new section 16-dd to read as follows:

4 § 16-dd. Community development revolving loan program. 1. Defi-  
5 nitions. As used in this section, the following terms shall have the  
6 following meanings:

7 (a) "Community development financial institution" means an organiza-  
8 tion whose principal office is located in this state, which has been  
9 certified as a community development financial institution by the feder-  
10 al community development financial institutions fund, as established  
11 pursuant to 12 U.S.C. § 4701, et seq.

12 (b) "Investment area" means a geographic area which:

13 (i) Is economically distressed as defined in section sixteen-d of this  
14 act; and

15 (ii) Has significant unmet needs for loans or is located in a feder-  
16 ally designated empowerment zone or enterprise community as established  
17 pursuant to title XIII of the federal omnibus budget reconciliation act  
18 of 1993 (Public Law 103-66).

19 (c) "Low income" means having an income, adjusted for family size, of  
20 not more than:

21 (i) For metropolitan areas, eighty percent of the area median income;  
22 or

23 (ii) For non-metropolitan areas, the greater of eighty percent of the  
24 area median income of the statewide non-metropolitan area median income.

25 (d) "Targeted population" means individuals or an identifiable group  
26 of individuals including, but not limited to, minority and women-owned

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

LBD14306-02-8

1 business enterprises who are low income or otherwise lack adequate  
2 access to loans.

3 (e) "Target market" means a defined service area which serves one or  
4 more investment areas or targeted population.

5 2. The community development revolving loan program is hereby created  
6 to provide low interest loans or loan guarantees to a targeted market,  
7 where it is underserved and otherwise difficult to obtain regular bank  
8 financing. Such loans or loan guarantees shall be made by a community  
9 development financial institution and shall be made in target markets  
10 for purposes of small businesses, microbusinesses, small farm busi-  
11 nesses, residential mortgages, commercial mortgages, housing rehabili-  
12 tation, home improvement, not-for-profit community based organizations  
13 and for such other purposes as permitted by the corporation.

14 3. A community development financial institution desiring to partic-  
15 ipate in the program shall execute an agreement in such form as the  
16 corporation may prescribe and shall contain such terms and provisions as  
17 the corporation or its agent may deem as necessary and appropriate.

18 4. The corporation is hereby authorized to administer the program  
19 created in subdivision two of this section or alternatively, to do the  
20 following:

21 (a) Enter into a contract with a third party to act as the agent of  
22 the corporation with respect to the administration of such program,  
23 pursuant to a competitive process;

24 (b) Conduct an annual review and assessment of the performance of the  
25 third party in its capacity as agent for the corporation to determine  
26 whether the contract referenced in paragraph (a) of this subdivision  
27 should be renewed for an additional two year period. The review shall be  
28 based on whether the third party agent has satisfactorily met the terms  
29 and conditions of the contract;

30 (c) Promulgate rules and regulations with respect to the implementa-  
31 tion of the community development revolving loan program established by  
32 this section and any other rules and regulations necessary to fulfill  
33 the purposes of this section, in accordance with the state administra-  
34 tive procedure act.

35 (d) Any contract entered into pursuant to paragraph (a) of this subdi-  
36 vision shall:

37 (i) Be for a period of two years and shall be renewed for an addi-  
38 tional two year period subject to requirements of paragraph (b) of this  
39 subdivision; and

40 (ii) Provide for compensation for expenses incurred by the third party  
41 agent in connection with its services as agent and for such other  
42 services as the corporation may deem appropriate including, but not  
43 limited to the use of the premises, personnel and personal property of  
44 the third party agent.

45 5. The corporation is authorized to establish a revolving loan fund  
46 account into which funds may be received from any source, including but  
47 not limited to, the corporation, financial institutions, insurance  
48 companies, business corporations and from settlements of civil actions  
49 by the department of financial services, and from which funds may be  
50 expended for the aforementioned purposes.

51 6. With respect to loans pursuant to this program, a community devel-  
52 opment financial institution may charge application, commitment and loan  
53 guarantee fees subject to a schedule of fees approved by the corpo-  
54 ration.

1 7. A community development financial institution participating in the  
2 program shall submit to the corporation, an annual report detailing the  
3 following:

4 (a) The number of program loans made;

5 (b) The amount of program funding used for loans;

6 (c) The use of loan proceeds by the borrower;

7 (d) The number of jobs created or retained;

8 (e) A description of the economic development generated;

9 (f) The status of outstanding program loans; and

10 (g) Such other information as the corporation or its agent shall  
11 require.

12 8. The corporation may directly or through a third party conduct  
13 audits of a community development financial institution's compliance  
14 with the provisions of this section and any regulations promulgated. In  
15 the event of substantive noncompliance, the corporation may terminate  
16 the participation of such community development financial institution in  
17 the program.

18 9. The corporation shall create an advisory committee, consisting of a  
19 maximum of five members. Such committee shall advise the corporation  
20 with respect to loan practices, processes and procedures; internal cred-  
21 it policies and appropriate risk assessment standards for loans made by  
22 community development financial institutions. Such committee shall addi-  
23 tionally advise the corporation in the promotion, implementation and  
24 administration of such fund, including also providing assistance to the  
25 corporation in securing private funds for the revolving loan fund. The  
26 members of such committee shall have experience with community develop-  
27 ment financial institutions, and shall, to the extent practical, reflect  
28 diversity in geographic location and communities served.

29 § 2. This act shall take effect April 1, 2018; provided however, if  
30 this act shall become a law after such date it shall take effect imme-  
31 diately and shall be deemed to have been in full force and effect on and  
32 after April 1, 2018. Effective immediately, the addition, amendment  
33 and/or repeal of any rule or regulation necessary for the implementation  
34 of this act on its effective date are authorized and directed to be made  
35 and completed on or before such effective date.