



1201 15th NW Suite 200
Washington, DC 20005
cdbanks.org
202.689.8935

June 16, 2025

Via Electronic Submission

The Honorable French Hill
Chairman
Committee on Financial Services
United States House of Representatives
1533 Longworth Building
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
United States House of Representatives
2221 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Hill and Ranking Member Waters:

On behalf of the members of the Community Development Bankers Association (CDBA), I am writing to express our strong support for H.R. 3234, legislation to amend the Federal Deposit Insurance Act to modernize the treatment of reciprocal deposits under the brokered deposit framework. We respectfully urge you to advance this important legislation.

CDBA is the national trade association of banks and thrifts whose primary mission is promoting community development. The majority of our members are U.S. Treasury-designated Community Development Financial Institutions (CDFIs). This means that they target at least 60% of their lending and activities to low- and moderate-income (LMI) rural, urban and Native communities and customers. Because CDFI banks serve communities where resources are scarce, reciprocal deposits are a vital source of stable funding that help finance affordable housing, small businesses, and community infrastructure.

H.R. 3234 is a commonsense reform. It recognizes the essential role that reciprocal deposits play in helping CDFI banks manage liquidity, grow local lending, and compete effectively. Reciprocal deposits enable our members to better serve their communities without compromising safety and soundness. Often, large depositors seek to support the local focus and community development mission of a CDFI bank, but require deposits to be fully insured. With reciprocal deposits, CDFI banks place large deposits, provide access to full insurance on those deposits, and obtain the full benefit of the funding through reciprocal deposits in the same amount.

H.R. 3234 would appropriately update the regulatory treatment of reciprocal deposits to reflect the realities of today's banking environment. The bill's tiered structure distinguishes community-focused banks, such as CDFIs, from larger, more complex entities. This would align regulatory treatment with the low-risk nature of these funds and promote a more level playing field for mission-focused institutions.

Thank you for supporting the communities served by CDFI banks. If you have questions, please contact me at blakeb@pcgloanfund.org, or (202) 2689-8935 ext. 225.

Sincerely,

Brian Blake
Chief Public Policy Officer