

# THE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

United States Department of the Treasury



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## **\$12 MILLION AWARDED TO ORGANIZATIONS FOR WORK IN ECONOMICALLY DISTRESSED COMMUNITIES**

Today at an event held at the Federal Reserve Bank of Chicago Arthur A. Garcia, Director of the Treasury Department's Community Development Financial Institutions (CDFI) Fund announced that approximately \$12 million has been awarded to 47 banks and thrifts across the country that provide critically needed financial products and services to economically disadvantaged people and communities. These awards are being made through the fiscal year 2006 round of the Bank Enterprise Award (BEA) Program.

The BEA Program was created to provide an incentive to FDIC-insured banks and thrifts to annually increase either (1) their level of financing and services in economically distressed communities, such as opening new savings accounts, providing home mortgage loans or investing in local small businesses; (2) their investment in certified community development financial institutions (CDFIs); (3) or both.

The CDFI Fund awards the bank or thrift for increasing the investment they make in community development activities. The investment made by the bank or thrift significantly leverages the CDFI Fund's dollars and puts more capital to work in Distressed Communities throughout the nation. The \$12 million awarded this round represents \$318 million in investments made by the applicants to benefit low-income communities.

Specifically, the applicants this round: increased their equity investments or grants to CDFIs by almost \$2 million; increased their loan, deposits, and technical assistance to CDFIs by almost \$70 million; increased their loans and investments in distressed communities by a total of \$245 million; and increased their financial services in distressed communities by a total of \$1 million.

"The BEA Program strives to help address the need for capital and basic financial services in many of the underserved distressed communities across the country," said Director Garcia. "By encouraging the development of partnerships between banks and CDFIs, and by providing residents of low-income communities needed financial services, we are achieving the Fund's vision of an America in which all people have adequate access to affordable credit, capital and financial services."

Through the BEA Program, the CDFI Fund recognizes the key role played by mainstream depository institutions -- banks and thrifts -- in promoting community revitalization through the provision of

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essential financial services, credit, and investment capital. The BEA Program complements the community development activities of banks and thrifts by providing financial incentives to expand investments in CDFIs and to increase lending, investment, and service activities within economically distressed communities. Providing monetary awards for increasing community development activities leverages the CDFI Fund's dollars and puts more capital to work in Distressed Communities throughout the nation.

CDFIs are specialized financial institutions that work in market niches that have not been adequately served by traditional financial institutions. They provide a wide range of financial products and services including: mortgage financing for first time home buyers, financing for needed community facilities, commercial loans and investments to start or expand small businesses, loans to rehabilitate rental housing and financial services needed by low income households and local businesses. In addition, these institutions provide services to help ensure credit is used effectively, such as technical assistance to small businesses and credit counseling to consumers. CDFIs include community development banks, credit unions, loan funds, venture capital funds and microenterprise loan funds.

The CDFI Fund improves the economic and living conditions of underserved communities by strengthening the financing, capacity, and sustainability of a nationwide network of regulated and non-regulated financial institutions serving our nation's low-income communities. The Fund's mission is to expand the capacity of these institutions to provide capital, credit and financial services to underserved populations and communities in the United States. Its vision is an America in which all people have adequate access to affordable capital, credit and financial services.

For more information about these awards, or about the CDFI Fund and its programs, please visit the Fund's website at: <http://www.cdfifund.gov/>.

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