

**CDFI Fund**  
**Bank Enterprise Award Program**  
**Criteria for Deposits to Qualify as CDFI Support Activities**  
(November 30, 2016)

On August 10, 2016, the Community Development Financial Institutions Fund (CDFI Fund) published a Request for Public Comment seeking comments on proposed changes to the Bank Enterprise Award Program (BEA Program) Interim Rule<sup>1</sup> (BEA Program Regulations) and BEA Program Application. The CDFI Fund received forty-five responses from five respondents. All five respondents expressed concerns related to moving the definition of CDFI Support Activity, which included specific criteria for deposits and certificates of deposit, from the Interim Rule to the Notice of Funds Availability (NOFA).

Respondents noted that the proposed change to move the definition and criteria from the Interim Rule to the NOFA created uncertainty since the annual date of NOFA publication varies and typically occurs after the end of the Assessment Period, which is when Applicants are expected to have already completed the activities which qualify for the next BEA Program funding round.

The purpose of this announcement is to advise Applicants that the CDFI Fund has not changed the criteria for certificates of deposit which qualify for the BEA Program, from past years. The CDFI Fund understands the benefits of providing certain definitions and criteria in advance of a NOFA, particularly when it is directly related to providing or receiving support which may qualify for a BEA Program award. The criteria is as follows:

Any certificate of deposit (CD) placed by an Applicant or its Subsidiary in a CDFI Partner that is a bank, thrift, or credit union must be:

1. uninsured and committed for at least three years; or
2. insured, committed for a term of at least three years, and provided at an interest rate that is materially below market rates, in the determination of the CDFI Fund.

“Materially below market interest rate” is defined as an annual percentage rate that does not exceed 100 percent of yields on Treasury securities at constant maturity as interpolated by Treasury from the daily yield curve rate and available on the Treasury website at <https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield>.

For example, for a three-year CD, Applicants should use the three-year rate U.S. Government

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<sup>1</sup> The BEA Program Interim Rule can be located in the Federal Register at the U.S. Government Publishing Office’s public website by entering government publication number 2016-18694, or going to the following hyperlink: <https://www.gpo.gov/fdsys/pkg/FR-2016-08-10/pdf/2016-18694.pdf>.

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securities, Treasury Yield Curve Rate posted for that business day. The Treasury updates the website daily at approximately 5:30 p.m. ET. CDs placed prior to that time may use the rate posted for the previous business day. The annual percentage rate on a CD should be compounded daily, quarterly, semi-annually, or annually. If a variable interest rate is used, the CD must also have an interest rate that is materially below the market interest rate over the life of the CD, in the determination of the CDFI Fund.

A deposit placed by an Applicant directly with a *CDFI Partner* that participates in a deposit network or service may be treated as eligible if it otherwise meets the criteria for deposits in items # 1 and #2 above and the *CDFI Partner* retains the full amount of the initial deposit or an amount equivalent to the full amount of the initial deposit through a deposit network exchange transaction.