

Overview

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

UNITED STATES DEPARTMENT OF THE TREASURY

Community Development Financial Institutions Fund

Bank Enterprise Award Program

Through the Bank Enterprise Award (BEA) Program, the Community Development Financial Institutions (CDFI) Fund recognizes the key roles of traditional financial institutions in community development lending and investing. The BEA Program provides incentives for regulated banks and thrifts to invest in certified CDFIs and to increase their lending and financial services in economically distressed communities. By providing monetary awards for community investment, the CDFI Fund, through the BEA Program, leverages federal dollars and puts more capital to work in distressed communities throughout the nation. The BEA Program's first Notice of Funds Availability was published in October 1995 (for the FY 1996 funding round); approximately \$13.5 million was awarded to 38 institutions in that funding round. Since inception, the CDFI Fund has awarded approximately \$311 million through the BEA Program. In FY 2009, 55 banks and thrifts received more than \$22 million through the BEA Program.

BEA Program awards are based on a percentage of the increase in the dollar amount associated with Qualified Activities from a Baseline Period to an Assessment Period (the corresponding time period in the following calendar year). Qualified Activities include: CDFI Related Activities (financial assistance provided by banks to certified CDFIs); Distressed Community Financing Activities (such as loans for affordable housing, small business and real estate development); and Service Activities (such as the provision of banking services, including access to automated teller machines and opening of savings accounts).

BEA-eligible activities must be carried out in Distressed Communities, census tracts with at least 30 percent of residents having incomes less than the national poverty level and 1.5 times the national unemployment rate. Approximately 4,000 domestic census tracts qualify.

Promoting CDFI Investments Through the BEA Program

The BEA Program has the following purposes: to strengthen and expand the financial and organizational capacity of CDFIs; to provide financial incentives to insured depository institutions to increase their lending and provision of services in Distressed Communities; and to increase the flow of private capital into Low- and Moderate-Income areas.

For example, the prospect of a BEA Program award may encourage banks to provide low-cost capital and operating support to CDFIs, which in turn will assist in the creation of a sustainable network of CDFIs. In addition, CDFIs may serve as a financial services delivery mechanism for banks to partner with in order to better serve highly distressed neighborhoods. Further, banks may use the BEA Program to target lending and investment to the most distressed neighborhoods.

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Eligibility

All depository institutions insured by the FDIC are eligible to apply for BEA Program awards. Through the BEA Program, banks can receive awards based on actual increases in the dollar volume of Qualified Activities from a Baseline Period to a later Assessment Period. Qualified Activities include three priority areas:

CDFI Related Activities: Equity Investments (such as grants, stock purchases, purchases of partnership interests or limited liability company membership interests), Equity-Like Loans, and CDFI Support Activities (such as loans, deposits or technical assistance) to certified CDFIs.

Distressed Community Financing Activities: Loans or investments for affordable home mortgages, affordable housing development, education, home improvement, small businesses, and commercial real estate development in Distressed Communities.

Service Activities: Deposits, financial services (such as check-cashing, money orders, or certified checks), electronic transfer accounts (ETAs), individual development accounts (IDAs), or Community Services provided to Low- to Moderate-Income individuals or the institutions serving them.

The CDFI Fund must award eligible applicants for CDFI-Related Activities before making awards for Distressed Community Financing Activities or Service Activities.

FY 2009 Community Impact

In the FY 2009 funding round, the CDFI Fund selected 55 FDIC-insured institutions to receive BEA Program awards totaling \$22,332,326. The average award was \$406,042, with the maximum award being \$700,000. Fifty-eight applicants requested just over \$57 million in awards for increasing their support of CDFIs and/or their activities in Distressed Communities. Thirty-seven (67 percent) of the BEA Program Awardees are certified CDFIs and they received awards totaling \$18.8 million (84 percent). Awardees were headquartered in 24 states and the District of Columbia.

Comparing the Assessment Period, of January 1, 2008 - December 31, 2008, to the Baseline Period (calendar year 2007), BEA Program awardees:

- Increased their loan, deposits, and technical assistance to CDFIs by \$74.6 million,
- Increased their loans and investments in distressed communities by \$214.2 million, and
- Increased the provision of financial services in distressed communities by \$3.5 million.

Please visit the CDFI Fund's website, www.cdfifund.gov, for further information on the BEA Program. Interested parties are encouraged to review the BEA Program regulations and the most current Notice of Funds Availability for further details and information on how to apply.