

CDFI Fund
BEA Program Office
U.S. Department of the Treasury
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Washington, DC 20220
Via email: bea@cdfi.treas.gov

Opportunity Finance Network (OFN) appreciates the opportunity to comment on programmatic and administrative aspects of the Bank Enterprise Award (BEA) program, in response to the request published in the *Federal Register* on October 29, 2013.

For nearly twenty years, since Congress included the BEA program in its authorizing legislation, OFN has advocated for the CDFI Fund to prioritize its role as a primary provider of scarce equity capital for CDFIs. The CDFI Program is of course the Fund's chief tool for injecting equity into CDFIs, but the Bank Enterprise Award program also has helped steer financial institution investments into CDFIs.

The Conference report for the CDFI Act called for "creating a priority for equity investments in community development financial institutions." BEA should continue to be a conduit for equity investment in CDFIs of all types: grants for non-regulated institutions, secondary capital for community development credit unions, and equity for CDFI banks. To meet this goal, CDFI Fund regulations and policies on BEA should in general prioritize applicants that conduct CDFI-related activities and direct its resources to reward those activities. In the last three award rounds of BEA, only a fraction of the award dollars—between 10 and 17 percent—has gone to institutions conducting CDFI-related activities.

OFN's comments in this letter reflect this principle and do not address every question posed by the Fund.

Eligibility

The CDFI Fund poses questions on the possibility of using the review by financial institution regulators of a bank's financial health and community reinvestment record as eligibility screens for BEA (I.A and B. in the Request for Comments). In general, the CDFI Fund, and not outside parties, should determine eligibility for BEA. BEA is a complement to other community development strategies; eligibility should derive from the activities undertaken to compete for BEA awards, not other factors at the applicant financial institution.

Additional Program Considerations

II.A. Integrally-Involved Certified CDFIs

While the mismatch between BEA "distressed communities" and CDFI-eligible Target Markets cannot be resolved through regulation, the Fund should facilitate the common use whenever possible. Where a CDFI Partner's geographic target market overlaps with an eligible distressed community, the CDFI should be considered to be "integrally involved" with the distressed community, regardless of the CDFI's specific level of activity.

II.B. Types of BEA Qualified Activities.

A recent update to the *Interagency Questions and Answers on the Community Reinvestment Act* includes additional examples of banks providing technical assistance to CDFIs, including language



that supports "Providing services reflecting financial institution employees' areas of expertise at the institution, such as human resources, information technology, and legal services."¹ While CDFI-related activities involving capital should be the Fund's, and BEA applicants', priorities, the Fund should bring Technical Assistance eligibility in line with CRA-eligible activities.

Conclusion

The Bank Enterprise Award Program has been a valuable tool to foster bank-CDFI relationships and encourage financial institutions to direct their community reinvestment activity toward CDFIs. It will be most able to continue that historical role if CDFI Fund views BEA resources in line with its overall strategy of providing equity resources for CDFIs.

OFN appreciates your consideration of our comments and looks forward to working with you in keeping CDFI Fund programs successful and effective for CDFIs.

Sincerely,

Mark Pinsky
President and CEO

¹ "Interagency Questions and Answers Regarding Community Reinvestment" § 12(i)-3