

Bank Enterprise Awards

Financial incentives for banks to expand activities in economically distressed areas

BACKGROUND AND PURPOSE

The Bank Enterprise Awards (BEA) Program was created in 1994 to support FDIC-insured financial institutions across the country that are committed to financing community and economic development activities, such as affordable home mortgages and other affordable loans, deposits, and financial services including investments in community development financial institution (CDFI) partners.

The BEA Program encourages community development activities of insured depository institutions by providing financial incentives to expand investments in CDFIs and to increase their own 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.

ELIGIBILITY AND AWARD CALCULATION

The BEA Program provides formula-based grants to applicants for increasing qualified activities between a baseline period and an assessment period. The assessment period is the calendar year immediately before the current year, and the baseline period is the calendar year before that. All depository institutions insured by the FDIC are eligible to apply for a BEA Program award. Banks that receive awards must then reinvest those funds into distressed communities. The ultimate consumers of the activities must be low to moderate income.

Institutions that are certified CDFIs receive priority for awards if there is insufficient funding. Small and intermediate institutions⁶ also receive priority. Institutions must estimate the size of their own awards as part of the application, but the CDFI Fund makes the final determination of eligible activities.

| | |
|----------------------------|--|
| PROGRAM NAME | Bank Enterprise Awards |
| AGENCY | U.S. Department of the Treasury - CDFI Fund |
| EXPIRATION DATE | Dependent on congressional appropriations |
| APPLICATIONS | Available at http://www.cdfifund.gov/bea |
| WEB LINK | http://www.cdfifund.gov/bea |
| CONTACT INFORMATION | cdfihelp@cdfi.treas.gov |
| APPLICATION PERIOD | Applications are typically open for a 45-day period every spring |
| GEOGRAPHIC SCOPE | Economically distressed communities |

Awards are based on activities within three categories, in descending order of priority:

CDFI-related activities: Equity investments, equity-like loans, grants, loans, deposits/shares, and technical assistance to qualified CDFI partners.

Distressed community financing activities: Affordable home mortgage loans, affordable housing development loans, small business loans, home improvement loans, education loans, commercial real estate loans, and small-dollar consumer loans.

Service activities: Financial products and services, such as checking accounts, savings accounts, check cashing, financial counseling, financial education, individual development accounts, small-dollar consumer loans, or youth savings accounts provided to residents of distressed communities.

Potential Benefits

- BEA awards may help banks offset some of the cost of BEA-qualified activities and direct administrative expenses associated with them by providing awards for activities already performed.
- For banks that provide equity investments to CDFIs, or are CDFIs themselves, they are likely to receive the largest awards relative to the size of their investments.
- BEA-qualified activities are eligible for Community Reinvestment Act consideration.

Potential Challenges

- Only increases in qualifying activities not directly funded by previous BEA program awards or other federal funds count toward the BEA award amount calculation.
- Only banks that are already participating in qualifying activities will receive awards because awards are based on past performance.

RESOURCES

Distressed Community Mapping System (CIMS3)

<https://www.cdfifund.gov/Pages/mapping-system.aspx>

Bank Enterprise Award Program information

https://www.cdfifund.gov/programs-training/Programs/bank_enterprise_award/Pages/default.aspx

⁶ Small banks are defined as having assets of less than \$300 million; intermediate banks have assets of at least \$300 million but less than \$1.202 billion and large banks have assets of \$1.202 billion or greater.

POTENTIAL BENEFITS

BEA awards may help banks offset some of the cost of BEA-qualified activities and direct administrative expenses associated with them by providing awards for activities already performed.

For banks that provide equity investments to CDFIs, or are CDFIs themselves, they are likely to receive the largest awards relative to the size of their investments.

POTENTIAL CHALLENGES

Only increases in qualifying activities not directly funded by previous BEA program awards or other federal funds count toward the BEA award amount calculation.

Only banks that are already participating in qualifying activities will receive awards because awards are based on past performance, not planned or future performance.