

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. 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 may receive favorable consideration under the CRA, depending on the geography of the activities.

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

Direct access to the following web links can be found at <https://www.fdic.gov/mortgagelending>.

Distressed Community Mapping System (CIMS 3)

<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

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