

Supporting Statement for the Bank Enterprise Award Program of the
Community Development Financial Institutions (CDFI) Fund
Bank Enterprise Award (BEA) Program Application
Additional Information for Question 8: Solicitation of comments on
information collection

Comments on the FY 2012 BEA Program application were solicited in the *Federal Register* on October 28, 2011; one comment letter was received by Fund Consulting. Specific comments submitted by Fund Consulting on December 27, 2011 are addressed below:

The data used on the myCDFI mapping tool appears to be outdated and it is unclear when the CDFI Fund will be updating this information.

Applicants must use the myCDFI mapping tool to determine whether loans and investments are in qualified census tracts as defined by the program statute (12 U.S.C. 1834a, 4703, 4703 note, 4713, 4717). The CDFI Fund is required by statute to use “the most recent census data available” to determine BEA qualified census tracts. The myCDFI mapping tool uses the 2000 Census data which is the most recent data available to the CDFI Fund to measure eligibility at the census tract level. Once the 2010 Census data is available, the CDFI Fund will update the mapping system for all CDFI Fund programs.

While one of the main stated goals of the BEA program is to increase investment into CDFI Partners, the process for documenting this investment often serves as a disincentive for investment.

CDFIs that receive investment from BEA Program applicants are referred to as CDFI Partners. Prior to FY 2009, CDFI Partners were required to provide a Statement of Integral Involvement which stated the percentage of the CDFI Partner’s lending activity performed in BEA qualified census tracts. Due to the burden placed on CDFI Partners this requirement was eliminated. However, in accordance with the BEA Program statute, applicants may receive credit for loans made to “enterprises integrally involved in distressed communities” as defined in the statute. Therefore, in an effort to verify that CDFI Partners are integrally involved, the CDFI Fund requires them to complete a map using the myCDFI mapping tool and complete a certification page, which asserts that all information provided is true and accurate. Equity investments in CDFIs are exempt from this provision.

The CDFI Fund will review the statute and program regulations to determine if another form or lesser forms of documentation can be allowed in future funding rounds.

The BEA application is the only CDFI application which asks for closing documentation.

Per the BEA Program statute, the BEA Program award is based on an increase in activity completed by the applicant from a Baseline Period to an Assessment Period. The CDFI Fund determined that the only way to verify

that the activity was completed in line with the BEA Program guidelines was to require closing documentation. To lessen the reporting burden, CDFI Fund does not require closing documentation for the Baseline Period, only the Assessment Period. In addition, transactions completed in the Assessment Period that are less than \$250,000 do not require closing documentation.

The CDFI Fund will review the statute and program regulations to determine if there are other appropriate ways to verify completion of activity in future funding rounds.

In general, the BEA Program is the only program that looks retroactively at lending performance and requires a formulated increase into the most highly distressed census tracts.

The commenter suggests that awards be based on specific dollar amount per eligible activity rather than an increase in lending. Per the BEA Program statute, the BEA Program award is based on an increase in activity completed by the applicant from a Baseline Period to an Assessment Period. To change the way the awards are determine would require a legislative change to the statute.