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Memorandum to:        William E. Bestani

                                    Policy Analyst

                                    Office of Information and Regulatory Affairs

                                    Office of Management and Budget

From:                Manny Cabeza

Regulatory Counsel

                                    Federal Deposit Insurance Corporation

Legal Division

RE: Mission-Driven Banker Feedback to Shape Design of Mission-Driven Bank Fund to Support Financial Services in Minority and Low- and Moderate Income Communities

Under the generic clearance entitled, “Information Collection for Qualitative Research” (3064-0198), the FDIC hereby submits for OMB review the generic survey “Mission-Driven Banker Feedback to Shape Design of Mission-Driven Bank Fund.” The FDIC works to fulfill statutory goals to preserve and promote FDIC-insured minority depository institutions (MDIs) and also supports preservation of FDIC-insured Community Development Financial Institutions (CDFIs). Together, these MDIs and CDFIs are considered mission-driven banks. Compared to mainstream banks, FDIC-insured mission-driven banks commit a larger portion of their portfolios to minority, lower-income, and rural communities. They play a vital role in transforming the lives of underserved communities by making loans and providing other banking products and services, including mortgages, small business loans, and community development and affordable housing investments.

The FDIC is facilitating the establishment of a “Mission-Driven Bank Fund,” that will provide a vehicle for private sector and philanthropic investment in FDIC-insured mission-driven banks. Investments through the Mission-Driven Bank Fund can help mission-driven banks:

* Raise the capital necessary to serve their communities more effectively
* Weather the effects of economic downturns and recover more quickly
* Attract technical expertise to grow their operations and expand their services
* Acquire, deploy, and maintain technology solutions
* Build capacity and scale to achieve cost efficiencies

The FDIC has retained a financial services advisory firm to work with the FDIC to develop a framework, structure and concept of operations for the Mission-Driven Bank Fund. The fund is envisioned to provide a variety of forms of support to mission-driven banks, including equity investments, loan participations, loss-share arrangements, structured transactions for performing or troubled assets, and loan facilities. The fund will be designed to target a minimal rate of return on investments of approximately 1 percent to 3 percent.

As part of the design of the fund, the financial services advisor retained by the FDIC will need to define the fund’s principal investment criteria and strategies to achieve its strategic investment objectives while remaining within tolerable risk limits. This will result in the development of an investment screening matrix that is expected to include:

* Eligible Investments/Issuers/Instruments. Which mission-driven banks are permitted investments within the fund?
* Investment Criteria. What financial risk-return profiles are considered appropriate for fund investments?
* Impact Criteria. How is it determined that the investments achieve the fund’s strategic investment objectives in a specific and measurable way?
* Exposure and Risk Constraints. What portfolio level exposure and risk limits should be established to ensure risk profile is in line with industry best practice, fund disclosures, and investor expectations?

In order to develop the fund framework, structure, and concept of operations, the financial services advisor will need to better understand the needs of needs of mission-driven banks, and prioritize the types of eligible investments that the fund will offer. The FDIC proposes to facilitate listening sessions with selected mission-driven banks and their trade organizations to enable the financial services advisor to understand the breadth and depth of mission-driven bank business models and needs. There are approximately 250 FDIC-insured mission driven banks, serving a wide range of communities across the country. To provide a cross-section of views, the FDIC expects to facilitate three to five listening sessions, each to be attended by approximately five to seven respondents. The time for each session is estimated to be 60-90 minutes.

**Estimated Burden**

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| **Metric** | **Estimate** |
| Selected FDIC-insured MDIs and CDFIs identified through participation in advisory committees or trade associations  5 meetings maximum  90 minute meetings | 250 Total institutions  35 Expected Institutions  53 Hours = 35 x 90 minute meetings |
| **Total Estimated Burden** | **53 hours** |

Total estimated annual burden for this collection of this information is 53 hours.

If you have any questions, please let me know. Thank you for your consideration.