

October 11, 2016

Mr. Robert Ibanez  
BEA Program Manager  
CDFI Fund, U.S. Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

Re: RIN 1505-AA91

Dear Mr. Ibanez:

Opportunity Finance Network (OFN) appreciates the opportunity to comment on RIN 1505-AA91, the Bank Enterprise Award interim rule and application, published in the Federal Register on August 11, 2016.

OFN is a national network of community development financial institutions (CDFIs) investing in opportunities that benefit low-income, low-wealth, and other under-resourced communities across America. OFN Members are performance-oriented, responsible investors that finance community businesses, sparking job growth in the areas that need it most, and delivering both sound financial returns and real changes for people and communities.

Our network has originated more than \$42 billion in financing in urban, rural, and Native communities through 2014. With cumulative net charge-off rates of less than 1 percent, we have demonstrated our ability to lend prudently and productively in unconventional markets often overlooked by conventional financial institutions.

The Bank Enterprise Award Program (BEA Program) is a valuable tool to help foster bank-CDFI relationships and encourage financial institutions to direct their community reinvestment activity toward CDFIs. As beneficiaries of these BEA motivated investments, CDFIs have been able to redeploy capital for maximum impact in the communities that need it most. Several OFN Members are insured depository institutions and past BEA Program awardees, while other Members have benefited from the BEA Program as CDFI partner organizations.

These investments have been an important source of scarce equity capital for CDFIs of all types: grants for non-regulated institutions, secondary capital for community development credit unions, and equity for CDFI banks. However, in the last four award rounds of the BEA Program, only a fraction of the award dollars—between 10 and 19 percent—have gone to institutions conducting CDFI-related activities. OFN urges the CDFI Fund to continue to use the BEA Program as a way to encourage depository institutions to provide financial assistance to CDFI partners, and to prioritize applicants that conduct CDFI-related activities and direct its resources to reward those activities.



OFN would like to offer the following comments on the interim rule and application:

**Subpart A—General Provisions § 1806.103 Definitions**

The term “CDFI Support Activity” is revised in § 1806.103 to remove the specific criteria for “deposits”, allowing the CDFI Fund to specify the criteria in the applicable Notice of Funding Availability (NOFA) each funding round. This proposed change will create uncertainty and may negatively impact investments in CDFIs.

The timing of the publication of each annual NOFA is unpredictable and occurs after the end of the annual Assessment Period, meaning applicants are expected to engage in Qualified Activities during the Assessment Period without knowing if the activity will be eligible for an award. As a result, non-CDFI bank applicants may be discouraged from making deposits into CDFI banks, and CDFI banks may be discouraged from making deposits into CDFI credit unions due to lack of clarity on what type of deposit will qualify for an award. OFN agrees with the Community Development Bankers Association’s (CDBA) recommendation that the CDFI Fund continue to define “deposit” in the regulations to avoid unnecessary confusion and uncertainty.

The proposed rule would also define qualifying “Community Services” and “Development Services” in each annual NOFA. Like deposits in regulated CDFIs, this change might discourage applicants from engaging in and reporting these activities due to the uncertainty of what activities will qualify for an award. OFN concurs with the CDBA’s recommendation that the CDFI Fund define a basic set of “Community Services” and “Development Services” in the rule, but allow the flexibility to add additional activities in the annual NOFAs.

**Integral Involvement of CDFI Partners**

Regarding the proposed application, OFN supports the proposed Integral Involvement documentation requirements for CDFI Partners receiving CDFI Support from applicants. Streamlining the Integral Involvement form to a certification and discontinuing the mapping requirement reduces the barriers to successful partnerships between depository institutions and their CDFI partners.

OFN appreciates the opportunity to comment on the Bank Enterprise Award interim rule and application. Please do not hesitate to contact me if you have questions or concerns about these recommendations via email: [dwilliams@ofn.org](mailto:dwilliams@ofn.org) or phone at; 215.320.4318.

Thank you,

Dafina Williams  
Vice President, Public Policy

cc: Liz Lopez, Executive Vice President, Public Policy



Nancy Santiago Negrón, Chief External Affairs Officer