



BANK ENTERPRISE AWARD

The purpose of the CDFI Fund's Bank Enterprise Award Program (BEA) is to provide monetary awards to FDIC-insured depository institutions that successfully demonstrate an increase in their investments in CDFIs or their own lending, investing, or service activities in the most economically distressed communities. BEA Distressed Communities are defined as those where at least 30% of residents have incomes that are less than the national poverty level and where the unemployment rate is at least 1.5 times the national unemployment rate.

QUALIFIED ACTIVITY

- CDFI Related Activities – Providing loans, deposits, technical assistance, equity, and equity-like loans and grants to CDFIs. CDFIs are financial institutions that specialize in serving individuals and communities that are underserved by traditional financial institutions. CDFIs include banks, credit unions, loan funds, and venture capital funds.
- Consumer and Commercial Financing Activities – Providing loans or investments directly to residents and businesses located in distressed communities. BEA eligible loans include Affordable Housing Loans, Home Improvement Loans, Education Loans, Small Dollar Consumer Loans, Affordable Housing Development Loans, Commercial Real Estate Loans, and Small Business Loans.
- Service Activities – Providing access to financial products and services, such as checking or savings accounts, check cashing, financial counseling, new banking branches, new ATMs, or individual development accounts to residents of distressed communities.

ESTIMATED AWARDS

Award amounts are formula driven and align with an applicant's increase in Qualified Activities from one annual period to another. Awards are prioritized based on the Qualified Activity type as well as the CDFI Certification status and asset size of the Applicant.

For a Certified CDFI, increases in Consumer Purpose Loans qualify for an estimated award of 90%, 54%, or 18% of the increase depending on total assets of the institution. Increases in Commercial Purpose Loans qualify for estimated awards of 45%, 27%, and 9% of the increase in activity depending on the asset size of the Applicant.

COMPLIANCE & PROJECTIONS REQUIREMENTS

Equivalent amount of the award received must be deployed in future Qualified Activities over the next year. Uses of Award Report must be submitted within 18 months.

CONSUMER PURPOSE LOANS

- Affordable Housing Loans (AHL) must be secured by the borrower's primary residence. Loans must be less than \$500,000 and used to buy, build, improve, or refinance the property. While the collateral address will govern eligibility, the borrower must be Low & Moderate Income (LMI). Geographic proxy data may be used to establish LMI.
- Home Improvement Loans (HIL) may be secured or unsecured. Loans must be less than \$500,000 and used for improvements to the borrower's primary residence. The borrower must be LMI (geographic proxy data may be used), and the borrower's address will govern eligibility.
- Education Loans (EDU) are for financing college or vocational education. The borrower must be LMI (geographic proxy data may be used), and the borrower's address will govern eligibility.
- Small Dollar Consumer Loans (SDL) may be secured or unsecured and must be greater than \$500 and less than \$5,000. The borrower must be LMI (geographic proxy data may be used), and the borrower's address will govern eligibility.

COMMERCIAL PURPOSE LOANS

- Affordable Housing Development Loans (AHD) may be secured or unsecured. Loans must be used to buy, build, improve, or refinance single- or multi-family residential real estate that is non-owner occupied. The property address will govern eligibility. If multi-family, 60% of units must be affordable to LMI. Applicant must engage in due diligence to establish 60% of units are affordable to LMI and cannot rely on geographic proxy data as with consumer loans.
- Commercial Real Estate Loans (CRE) must be used to buy, build, improve, or refinance commercial purpose property which must also secure the loan. The collateral address will govern eligibility.
- Small Business Loans (SBL) must be used for non-real estate purposes and include all agricultural related loans, operating lines of credit, and business operation loans. Small businesses must meet size eligibility standards of SBA's development company or investment company programs. Some business types are ineligible (example: country clubs).

FINDINGS FROM FY24 BEA AWARDEES

- In the 2024 BEA Program funding round, 176 applicants submitted awards requesting over \$101 million in awards. The CDFI Fund awarded \$40 million to 171 FDIC-Insured Depository Institutions. The maximum award amount was \$280,369, and 104 recipients received the maximum award. The average award amount was \$234,357.
- Certified CDFIs that received awards numbered 162, representing 98% of total award dollars. Award recipients represented 23 states and the District of Columbia. Small Banks (assets less than \$391MM) numbered 92 and represented 53% of award dollars. Intermediate Banks (assets between \$391MM and \$1.564B) numbered 62 and 36% of award dollars, while Large Banks (greater than \$1.564B) numbered 17 and 11% of award dollars.