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March 2, 2009

Depository Institutions Program Advisor  
Community Development Financial Institutions Fund  
Department of the Treasury  
601 13<sup>th</sup> Street, NW  
Suite 200 South  
Washington, DC 20005

Re: Bank Enterprise Award Program

Dear Sir or Madam:

The American Bankers Association (ABA)<sup>1</sup> appreciates the opportunity to comment on the Community Development Financial Institution Fund (CDFI) interim rule implementing the Bank Enterprise Award (BEA) Program. The purpose of the program is to provide an incentive to insured depository institutions to increase their activities in the form of loans, investments, services and technical assistance within “distressed communities” as well as providing financial assistance to community development financial institutions (CDFIs) through grants, stock purchases, loans, deposits and other forms of financial and technical assistance. The interim rule amends and simplifies select application requirements and adds a requirement that BEA awards be used for BEA qualified activities.

Overall, ABA supports the efforts of the CDFI Fund and the BEA program. Especially with current economic conditions, the support and funding provided through these programs are critical for distressed communities. It is important to set forth clear guidelines on the parameters of the award program that clearly articulate the conditions applicants must satisfy to qualify for the awards. Generally, ABA agrees with the proposed definitions for affordable housing development loans, affordable housing loans, home improvement loans, commercial real estate loans and small business loans since these parallel existing definitions used in other contexts.

However, ABA encourages the CDFI Fund to take steps to provide sufficient flexibility to ensure that qualified applicants can receive funding. While clear guidelines for applicants are important, they should not become unnecessarily technical. For example, the proposed changes require that applicants design programs to support distressed communities, a goal that ABA fully supports.

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<sup>1</sup> ABA brings together banks of all sizes and charters into one Association. ABA works to enhance the competitiveness of the United States banking industry and to strengthen America’s economy and communities. Its members – represent over 95 percent of the industry’s \$13.6 trillion in assets and employ over 2 million men and women.

However, the proposal also provides very technical specifications on what constitutes a distressed community.<sup>2</sup>

ABA suggests the CDFI Fund consider an alternative approach that might help simplify the process and expedite applications using a model developed under Community Reinvestment Act requirements. Those rules offer banks favorable consideration for activities that benefit distressed or underserved tracts, geographies which are identified based on rates of poverty, unemployment and population loss – goals that parallel those of the CDFI Fund. To facilitate identification of eligible geographies, the banking agencies publish an annual list of qualified communities on the Internet at [www.ffiec.gov](http://www.ffiec.gov) under CRA. If the CDFI BEA program were to make use of this list, it would streamline and expedite the application process. While statutory constraints might prevent the Fund from taking certain steps, now might be an opportune time to urge Congress to enact changes that would help the Fund reach its goals. And, going forward, ABA encourages the CDFI Fund to continue to explore ways to streamline and simplify the application process as a way to encourage participation.

In addition, ABA is concerned that the turnaround time between the time the Fund issues a Notice of Funds Availability (NOFA) and the time applicants must be filed is too short. This is especially true given the amount of information needed to support an application. For example, at the same time the interim rule was announced on January 30, a separate notice in the same issue of the *Federal Register* solicited applications for funding with completed applications due March 13, only six weeks later. While larger institutions or financial institutions that regularly participate in the program may be equipped to respond quickly, that restricts the audience for the program. For smaller banks with limited resources, the short turnaround can be a serious disincentive and can discourage participation.

Thank you for the opportunity to comment. If you have questions or would like additional information, please contact the undersigned by e-mail at [rrowe@aba.com](mailto:rrowe@aba.com) or by telephone at 202-663-5029.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert G. Rowe, III". The signature is fluid and cursive, with a horizontal line extending from the end of the name.

Robert G. Rowe, III  
Vice President & Senior Counsel

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<sup>2</sup> Under the proposal, a distressed community would have to have at least 4,000 inhabitants if it is within a metropolitan area with a population over 50,000, at least 1,000 inhabitants in other areas, or be on an Indian reservation. In addition, at least 30% of the residents must be below the national poverty level and unemployment must be 1.5 times the national average. In addition, the Notice of Funds Availability (NOFA) may add additional criteria.