

Community Developments

FACT SHEET

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Bank Enterprise Award Program

Community Developments Fact Sheets are designed to share information about programs and initiatives of bankers and community development practitioners. These fact sheets differ from OCC bulletins and regulations in that they do not reflect agency policy and should not be considered regulatory or supervisory guidance. Some of the information used in the preparation of this fact sheet was obtained from publicly available sources. These sources are considered reliable and current, as of August 2024, but the use of this information does not constitute an endorsement of its accuracy by the OCC.

This *Community Developments Fact Sheet* explains the Bank Enterprise Award (BEA) Program, which provides financial incentives for national banks and federal savings associations (collectively, banks) to expand their community development activities.

What Is the BEA Program?

The program provides monetary awards to banks that successfully demonstrate an increase in lending, investment, and service activities in economically distressed communities. The program is administered by the U.S. Department of the Treasury's Community Development Financial Institutions Fund (CDFI Fund). Between inception in 1994 and 2023, the CDFI Fund has granted over \$598 million in BEA Program awards.

The BEA Program provides awards for demonstrated increases in activities over a baseline (prior) period, rather than for activities that are planned or proposed for the future. To qualify, banks may expand

their investments in certified CDFIs with activities in distressed communities, or banks may increase their own lending, investing, or service-related activities in distressed communities. All BEA Program awardees must use their awards for qualified activities.¹

How Does the Program Work?

All depository institutions insured by the Federal Deposit Insurance Corporation are eligible to apply for a BEA Program award. Banks apply to the CDFI Fund in response to a Notice of Funds Availability (NOFA). These notices are published in the *Federal Register* annually, depending on appropriations from Congress, and may be found on the [CDFI Fund website](#). The NOFA establishes a deadline for application submissions.

Banks report on the qualified activities they completed during the baseline and assessment periods established in the NOFA. Award amounts are based on the increase in lending, investment, and service

¹ Refer to 12 CFR 1806.

activities during the time period established in the NOFA. The amount available for awards is specified in the NOFA. The greater the increase in qualified activities, the larger the award. Banks that receive awards must then reinvest those funds back into distressed communities.

What Kinds of Activities Qualify?

BEA Program qualified activities include the following:

CDFI-related activities: These include equity investments, equity-like loans, loans, deposits, or technical assistance to certified CDFIs. A CDFI that receives an equity investment (such as grants or stock purchases), equity-like loan, or other support (such as a loan, technical assistance, or qualifying deposit) from an unaffiliated bank is a CDFI partner. CDFI partners must be integrally involved in a distressed community, as defined in the NOFA and BEA program regulations.

Distressed community financing activities: These include affordable housing loans; affordable housing development loans and related project investments; education loans; commercial real estate loans and related project investments; home improvement loans; and small business loans and related project investments.

Service activities: These include deposit liabilities, community services, targeted financial services, and targeted retail savings and investment products.

These terms are defined in more detail in the BEA Program regulations (12 CFR 1806) and in the applicable NOFA for each funding round.

All distressed community financing and service activities must be provided to (1) eligible residents who reside in a distressed community or (2) businesses located in a distressed community. A distressed community (defined in the BEA Program regulations at 12 CFR 1806.103 and more fully described at 12 CFR 1806.401) is a geographic unit that meets certain minimum population, poverty, and unemployment requirements. These requirements generally include the following:

- At least 30 percent of residents have incomes that are less than the national poverty level.
- The unemployment rate is at least 1.5 times greater than the national unemployment rate.

The CDFI Fund ranks applicants based on the qualified activities they undertake, with priority given to activities in the following order:

1. CDFI-related activities
2. Distressed community financing activities
3. Service activities

Selection within each priority category is based on the applicant's relative rankings within each category, subject to the availability of funds. Priority factors, in the form of numeric values, are based on the asset size of the institution and assigned to activities within the distressed community financing and services categories. Small institutions receive a larger priority factor than large institutions. Certified CDFIs have priority over all other applicants in all categories.

Why Should Banks Be Interested?

BEA Program awards may help banks offset some of the risk in their financing activities. The awards may also help banks meet capital requirements.

BEA Program qualified activities may also be eligible for Community Reinvestment Act consideration.

The National Bank Act, as codified at 12 USC 24 (Eleventh), and the Office of the Comptroller of the Currency's (OCC) rules implementing that section of the act allow national banks to make equity investments in CDFIs and certain community development activities.

Federal savings associations may make public welfare investments under specific authorities, including 12 CFR 160.36.

For More Information

- [CDFI Fund](#)
- [OCC Public Welfare Investments Resource Directory](#) (for information about community development investment authority)
- [OCC Regional Community Affairs Officers](#)