



# **Bank Enterprise Award Program**

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## **FY 2014**

### **Supplemental Guidance and Frequently Asked Questions (FAQs)**

Applicants should use this guidance in conjunction with the Bank Enterprise Award (BEA) Program Regulations, FY 2014 Notice of Funding Availability (NOFA), and the FY 2014 BEA Program Application (all available on the BEA page of the CDFI Fund's website: [www.cdfifund.gov](http://www.cdfifund.gov)).

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## Bank Enterprise Award Program Glossary of Terms

<b>TERM</b>	<b>DEFINITION</b>
Act	The Community Development Banking and Financial Institutions Act of 1994, as amended (12 U.S.C. 4701 et seq.);
Affiliate	Any company that controls, is controlled by, or is under common control with another company or any entity otherwise identified as an Affiliate by the Applicant in its BEA Application.
Affordable Housing Development Loan and Project Investment	The origination of a loan or investment to finance the acquisition, construction, and/or development of single- or multi-family residential real property located in a BEA-qualifying Distressed Community where at least 60 percent of the units in such property are affordable. Affordable is defined as a unit that is or will be sold or rented to a Low- and Moderate-Income Resident. A loan for, or Project Investment in, single-family housing or multifamily housing development projects should be reported as Affordable Housing Development Loans and Project Investments, rather than as Commercial Real Estate transactions.
Affordable Housing Loan	The origination of a loan to finance the purchase or improvement of the borrower's primary residence, and that is secured by such property. In order to be considered a Qualified Activity, the borrower must be located in a BEA-qualifying Distressed Community and must be a Low- and Moderate- Income Eligible Resident. Affordable Housing Loan may also refer to second (or otherwise subordinated) liens or "soft second" mortgages, and other similar types of down payment assistance loans that may not necessarily be secured by such property but are originated for the purpose of facilitating the purchase or improvement of the borrower's primary residence, where such borrower is located in a BEA-qualifying Distressed Community and a Low- and Moderate-Income Eligible Resident.
Applicant	Any insured depository institution (as defined in section 3(c)(2) of the Federal Deposit Insurance Act (12 U.S.C. §1813)) that is applying for a Bank Enterprise Award.
Appropriate Federal Banking Agency	Has the same meaning as in section 3 of the Federal Deposit Insurance Act (12 U.S.C. §1813).
Assessment Period	An annual or semi-annual period specified in the applicable Notice of Funds Availability in which an Applicant will carry out, or has carried out, Qualified Activities.
Authorized Representative	An officer, or other individual, who has the actual authority to sign for and make representations on behalf of the Applicant.
Award Agreement	A formal agreement between the CDFI Fund and an Awardee pursuant to § 1806.300 of the BEA Program regulations.
Awardee	An Applicant selected by the CDFI Fund to receive a Bank Enterprise Award.
Bank Enterprise Award (or BEA Program Award)	An award made to an Applicant through the BEA Program.

<b>TERM</b>	<b>DEFINITION</b>
Baseline Period	An annual or semi-annual period specified in the applicable NOFA in which an Applicant has previously carried out Qualified Activities.
CDFI Partner	A Community Development Financial Institution that has been provided assistance in the form of CDFI Related Activities by an Applicant.
CDFI Related Activities	Equity Investments (including Grants), Equity-Like Loans and CDFI Support Activities provided to eligible CDFI Partners.
CDFI Support Activities	Assistance provided by an Applicant or its Subsidiary to a CDFI that meets criteria set forth by the CDFI Fund in the applicable NOFA and is Integrally Involved in a Distressed Community. Assistance must be in the form of the origination of a loan, technical assistance, or deposits if such deposits are: (1) Uninsured and committed for a term of at least three years; or (2) Insured, committed for a term of at least three years, and provided at an interest rate that is materially (in the determination of the CDFI Fund) below market rates.
Certificate of Deposit	Placed by an Applicant or its Subsidiary in an FDIC-insured CDFI whereby such deposit is: (1) uninsured and committed for a term of at least three years; or (2) insured, committed for a term of at least three years, and provided at an interest rate that is Materially Below Market Rates, as determined in the relevant NOFA. Deposits at FDIC-insured institutions are insured up to at least \$250,000 per depositor until December 31, 2014. Determination of insured or uninsured is determined at the time of issuance and will be counted for the entire three years.
Commercial Real Estate Loans and related Project Investments	An origination of a loan (other than an Affordable Housing Development Loan or Affordable Housing Loan) that is secured by real estate located in a BEA-qualifying Distressed Community and used to finance the acquisition or rehabilitation of a building, or the acquisition, construction and or development of property, used for commercial purposes.
Community Development Entity (or CDE)	Any Qualified Community Development Entity that meets the requirements set forth at Internal Revenue Code (IRC) § 45D(c) (1) and that has been certified as such by the CDFI Fund.
Community Development Financial Institution (CDFI)	An entity that has been certified as a CDFI under § 1805.201 of Community Development Financial Institutions Program regulations by the date specified in the applicable NOFA.
Community Facilities Loan	A new origination of a loan used to finance the acquisition, development or renovation of facilities where health care, child care, educational, social services, or religious services are provided. Reported under Commercial Real Estate Loans.

<b>TERM</b>	<b>DEFINITION</b>
Community Services	Assistance provided by officers, employees, or agents (contractual or otherwise) of the Applicant including: (1) provision of technical assistance and financial education to Eligible Residents on managing their personal finances through consumer education programs; (2) provision of technical assistance and consulting services to newly formed small businesses located in the Distressed Community; (3) provision of technical assistance and financial education to, or servicing the loans of, Low- or Moderate-Income homeowners that are Eligible Residents homeowners located in the Distressed Community; and (4) other similar services provided for Low- or Moderate-Income persons that are Eligible Residents in a Distressed Community or enterprises integrally involved in a Distressed Community deemed appropriate by the CDFI Fund.
Deposit Liabilities	Time or savings deposits or demand deposits, accepted from Residents at offices of the Applicant, or a Subsidiary of the Applicant, located within the Distressed Community. Deposit Liabilities may only include deposits held by individuals in transaction accounts (i.e., demand deposits, NOW accounts, automated transfer service accounts and telephone or preauthorized transfer accounts) or non-transaction accounts (i.e., money market deposit accounts, other savings deposits and all time deposits), as defined by the Appropriate Federal Banking Agency.
Depository Institution Holding Company	A bank holding company or a savings and loan holding company as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813 (w)(1)).

TERM	DEFINITION
Distressed Community	<p>A geographic community that meets the minimum area eligibility requirements specified in § 1806.200, and such additional criteria as may be set forth in the applicable NOFA. A Distressed Community must meet the following minimum area eligibility requirements:</p> <ul style="list-style-type: none"> <li>– Geographic requirements. A Distressed Community must be a geographic area: (i) that is located within the boundaries of a Unit of General Local Government; (ii) the boundaries of which are contiguous; and (iii) the area must (A) have a population of not less than 4,000 if any portion of the area is located within a Metropolitan Area with a population of 50,000 or greater; or (B) have a population of not less than 1,000 if no portion of the area is located within a Metropolitan Area with a population of 50,000 or greater; or (C) be located entirely within an Indian Reservation.</li> <li>– Distress requirements. A Distressed Community must be a geographic area where: (i) at least 30 percent of the Eligible Residents have incomes that are less than the national poverty level, as published by the U.S. Bureau of the Census in the most recent decennial census; and (ii) the unemployment rate is at least 1.5 times greater than the national average, as determined by the U.S. Bureau of Labor Statistics' most recent data (including estimates of unemployment developed using the U.S. Bureau of Labor Statistics' Census Share calculation method).</li> </ul>
Distressed Community Financing Activities	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.
Education Loan	An advance of funds to a student, who is a Eligible Resident of a Distressed Community, for the purpose of financing a college or vocational education.
Electronic Transfer Account (ETA)	An account meeting the requirements, and with respect to which the Applicant has satisfied the requirements, set forth in the <u>Federal Register</u> on July 16, 1999 at 64 FR 38510, as such requirements may be amended from time to time, Direct deposit accounts that are available to individuals who are recipients of Federal benefits, wages, salary, or retirement payments. All Insured Depository Institutions that offer ETAs must do so pursuant to the requirements set forth in an agreement with the U.S. Department of the Treasury.
Eligible Resident	An individual that resides in a Distressed Community.
Equity Investment	Financial assistance provided by an Applicant or its Subsidiary to a CDFI that meets criteria set forth in the applicable NOFA. The financial assistance must be in the form of a grant, a stock purchase, a purchase of a partnership interest, a purchase of a limited liability company membership interest, or any other investment deemed to be an Equity Investment by the CDFI Fund.

<b>TERM</b>	<b>DEFINITION</b>
Equity-Like Loans	Loans that have been made under certain terms and conditions that give them equity-like characteristics as set forth in the applicable NOFA.
Financial Services	Check-cashing, providing money orders and certified checks, automated teller machines, safe deposit boxes, new branches including school-based bank branches, youth accounts, and other comparable services as may be specified by the CDFI Fund in the applicable NOFA, that are provided by the Applicant to Low-and Moderate-Income individuals in the Distressed Community or enterprises Integrally Involved in the Distressed Community.
CDFI Fund	The Community Development Financial Institutions Fund, established under section 104(a) of the Act (12 U.S.C. 4703(a)).
Geographic Units	Counties (or equivalent areas), incorporated places, minor civil divisions that are units of local government, census tracts, block numbering areas, block groups, and American Indian or Alaska Native areas (as each is defined by the U.S. Bureau of the Census) or other areas deemed appropriate by the CDFI Fund;
Home Improvement Loan	An advance of funds, either unsecured or secured by a one-to-four family residential property, the proceeds of which are used to improve the borrower's primary residence.
Indian Reservation	A geographic area that meets the requirements of section 4(10) of the Indian Child Welfare Act of 1978 (25 U.S.C. 1903(10)), and shall include land held by incorporated Native groups, regional corporations, and village corporations, as defined in and pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.), public domain Indian allotments, and former Indian Reservations in the State of Oklahoma.
Individual Development Accounts (IDA)	Matched savings accounts for qualified individuals that are restricted for use for specific activities, including home purchase, post-secondary education, and business capitalization. Generally, most IDA programs limit eligibility to individuals meeting certain characteristics (e.g. low-income individuals). IDA account requirements are set forth in the U.S. Department of Health and Human Services Program Announcement OCS-2000-04, published on December 14, 1999 in the Federal Register at 64 FR 69824, as such requirements may be amended from time to time.
Insured Depository Institution	Any bank or thrift, as defined in 12 U.S.C. § 1813(c) (2)), the deposits of which are insured by the Federal Deposit Insurance Corporation. Applicant must be insured by the date specified in the applicable NOFA to be considered eligible to apply.

TERM	DEFINITION
Integrally Involved	Having provided: (i) at least ten percent of financial transactions or dollars transacted (e.g., loans or equity investments as defined in 12 CFR 1805.104(t)), or ten percent of Development Service activities (as defined in 12 CFR 1805.104(s)), in the Distressed Community identified by the Applicant or the CDFI Partner, as applicable, in each of the three calendar years preceding the date of the applicable NOFA, or (ii) having transacted at least twenty-five percent of financial transactions (e.g., loans or equity investments) in said Distressed Community in at least one of the three calendar years preceding the date of the applicable NOFA, or (iii) demonstrating that it has attained at least ten percent of market share for a particular product in said Distressed Community (such as at least ten percent of home mortgages originated in said Distressed Community) in at least one of the three calendar years preceding the date of the applicable NOFA.
Low-and Moderate-Income	Income that does not exceed 80 percent of the median income of the area involved, as determined by the Secretary of Housing and Urban Development, with adjustments for smaller and larger families pursuant to section 102(a)(20) of the Housing and Community Development Act of 1974 (42 U.S.C. § 5302(a)(20)).
Materially Below Market Rates	An annual rate that does not exceed the rate on a U.S. Treasury bill of comparable maturity (using the discount rate) as of the date the deposit is placed. The rate can be found at the Federal Reserve website: <a href="http://www.treas.gov/offices/domestic-finance/debt-management/interest-rate/yield.shtml">www.treas.gov/offices/domestic-finance/debt-management/interest-rate/yield.shtml</a> . The rate on the website is updated daily at approximately 5:30 p.m. Eastern Time. Deposits closed prior to that time may use the rate posted for the previous day.
Metropolitan Area	An area designated as such (as of the date of the application) by the Office of Management and Budget pursuant to 44 U.S.C. 3504(d)(3), 31 U.S.C. 1104(d), and Executive Order 10253 (3 CFR, 1949-1953 Comp., p. 758), as amended.
Minority Depository Institution	As defined by the Federal Deposit Insurance Corporation, any entity in which 51 percent or more of the voting stock is owned by socially and economically disadvantaged individuals as defined as Black, Asian, Hispanic, Native American, Native Alaskan, and Native Hawaiian. Depository institutions shall also be considered minority depository institutions if a majority of the Board of Directors is minority and the community that the institution serves is predominantly minority.
Multi-Family Loan	A new origination of a loan secured by a five-or more family residential property and financing related to the construction or rehabilitation of such property.

<b>TERM</b>	<b>DEFINITION</b>
Notice of Funding Availability (NOFA)	The public notice, published by the CDFI Fund in the Federal Register, that announces the availability of BEA Program funds for a particular funding round and that advises Applicants with respect to obtaining application materials, establishes application submission deadlines, and established other requirements or restrictions applicable for the particular funding round including, for example, application contents, further qualifications of Qualified Activities, Priority Factors, related policy directives, and any restrictions on Bank Enterprise Award amounts.
Performance Period	The period beginning with the Effective Date through the first full consecutive calendar year after the Effective Date (or such other period may be established by the CDFI Fund), during which an Awardee must meet its Performance Goal, or such other period as may be established by the CDFI Fund. The Performance Period is specified in the BEA Program Award Agreement.
Persistent Poverty County	Any county that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990 and 2000 decennial censuses, and the 2010 American Community Survey census.
Priority Factor	A numeric value assigned to each type of activity within each category of Qualified Activity, as may be established by the CDFI Fund in the applicable NOFA.
Project Investment	Providing financial assistance in the form of a purchase of stock, limited partnership interest, other ownership instrument, or a grant to an entity that is Integrally Involved in a Distressed Community and formed for the sole purpose of engaging in a project or activity, approved by the CDFI Fund, including Affordable Housing Development Loans, Affordable Housing Loans, Commercial Real Estate Loans, and Small Business Loans.
Qualified Activities	CDFI Related Activities, Distressed Community Financing Activities, and Service Activities.
Reporting Period	The period during which an Applicant may disburse on its Qualified Activities. An Applicant may only measure the amount of a Qualified Activity that it reasonably expects to disburse to an investee, borrower, or other recipient within one year of the end of the applicable Assessment Period, or such other period as may be set forth by the CDFI Fund in the applicable NOFA.
Service Activities	Deposit Liabilities; Financial Services; Community Services; Targeted Financial Services; and Targeted Retail Savings/Investment Products.
Single-Family Loan	A new origination of a loan secured by a one- to four-family residential property, including townhouses for purchase and financing related to the construction or rehabilitation of single-family residences.

TERM	DEFINITION
Small Business Loan	An origination of a loan used for commercial or industrial activities (other than an Affordable Housing Loan, Affordable Housing Development Loan, Commercial Real Estate Loan, Home Improvement Loan) to a business or farm that meets the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less. This category includes loans and investments that were reported on the institution's Call Report or TFR as either "loans Secured by non-farm or nonresidential real estate" or "Commercial and industrial loans." Applicants may also include small farm loans (i.e., loans reported as either "Loans to Finance agricultural production and other loans to farmers" or "Loans secured by farmland." Such loans may include commercial loans (i.e., a loan to a company to meet business operating expenses or to finance the purchase of inventory), commercial mortgage or income property loans (i.e., a mortgage loan secured by real estate used by a business or to generate income), and agricultural loans (loans to small farmers).
Subsidiary	Has the same meaning as in section 3 of the Federal Deposit Insurance Act, except that a CDFI shall not be considered a subsidiary of any insured depository institution or any depository institution holding company that controls less than 25 percent of any class of the voting shares of such corporation and does not otherwise control, in any manner, the election of a majority of directors of the corporation.
Targeted Financial Services	Electronic Transfer Accounts, Individual Development Accounts, and such other similar banking products as may be specified by the CDFI Fund in the applicable NOFA.
Targeted Retail Savings/Investment Products	Certificates of deposit, mutual funds, life insurance and other similar savings or investment vehicles targeted to Low- and Moderate-Income Eligible Residents, as may be specified by the CDFI Fund in the applicable NOFA.
Unit of General Local Government	Any city, county town, township, parish, village or other general-purpose political subdivision of a State or Commonwealth of the United States, or general-purpose subdivision thereof, and the District of Columbia.

## **Supplemental Guidance**

The following supplemental guidance provides additional information on specific types of Qualified Activities and the CDFI Fund's treatment of certain transactions. Any information provided should be considered in conjunction with the BEA Program Regulations, FY 2014 NOFA, and the FY 2014 BEA Program Application. The guidance is organized alphabetically by subject.

### **Actual Award Amount**

The CDFI Fund will determine the eligibility of each transaction for which an Applicant has applied for a Bank Enterprise Award. Based upon this review, the CDFI Fund will calculate the Actual Award Amount for which the Applicant is eligible. The CDFI Fund will determine Actual Award Amounts based upon the availability of funds, increases in Qualified Activities from the Baseline to the Assessment Period, and an Applicant's priority ranking. If an Applicant receives an Award for more than one priority category described in this section, the CDFI Fund will combine the Award amounts into a single Bank Enterprise Award.

### **Baseline Activities**

Applicants are not required to submit documentation for Baseline Activities. Applicants are required to certify that their reported Baseline Period Qualified Activities are located in Distressed Communities and are eligible transactions as defined under the BEA Program Regulations and FY 2014 NOFA.

Generally, if the Qualified Activities for the Baseline Period is a negative amount, there is no need to report the activity. The only exception to this rule is with Deposit Liabilities under the Service Activities Category. To determine the activity during the Baseline Period for Deposit Liability accounts, calculate the net change in the amount of eligible Deposit Liabilities within the Baseline Period and within the Assessment Period. Do not report each individual depositor. If the net change within the Baseline Period or Assessment Period is a negative dollar amount, then a negative dollar amount may be recorded.

If Qualified Activities in a specific category results in a decrease in activity from the Baseline Period to the Assessment Period, there is no need to report the activity.

### **Certificates of Deposits**

1. **Materially Below Market Rates for CDFI Deposits:** Insured Certificates of Deposit (CD) placed by an Applicant in a CDFI that is a bank, thrift, or credit union must earn a rate of interest that is determined by the CDFI Fund to be Materially Below Market. A Materially Below Market interest rate is an annual rate that does not exceed 100 percent of the rate on a U.S. Treasury bill of comparable maturity as of the date the deposit is placed. For a three-year CD, use the three-year rate posted for U.S. Government Securities, Treasury Constant Maturity on the Federal Reserve website at [www.treas.gov/offices/domestic-finance/debt-management/interest-rate/yield.shtml](http://www.treas.gov/offices/domestic-finance/debt-management/interest-rate/yield.shtml). If, at the time the CD is placed, the posted three-year rate is from the previous day, Applicants should use the posted rate. Applicants must print the rate from the website for the date a CD is placed. This sheet should be submitted with the Application as documentation. If a variable interest rate is used, the CD must also have an interest rate that is Materially Below Market

2. Certificate of Deposit network or service: A CD placed by an Applicant directly with a CDFI Partner that participates in a deposit network or service may be treated as eligible under the FY 2014 NOFA, if it otherwise meets the criteria for deposits in 1806.103(r) and the CDFI Partner retains the full amount of the initial CD through a deposit network exchange transaction. A BEA Program Applicant will not receive a BEA Program Award for a CD network or service unless the CDFI Partner is specifically named as a network member to the original transaction in the deposit placement agreement. A BEA Program Applicant will only receive credit for its respective share of the CD network or service provided to the CDFI Partner.

### **CDFI Partners**

An eligible CDFI Partner is an entity that has been certified as a CDFI as of the end of the Assessment Period and is Integrally Involved in a Distressed Community. CDFI Partners are not required to submit Statements of Integral Involvement with their BEA Signature Page and BEA Distressed Community map(s). Applicants will be required to certify that all CDFI Partners meet the definition of Integrally Involved as stated in the applicable NOFA. Applicants are encouraged to have CDFI Partners complete the Statement of Integral Involvement for their records, but they are not required to submit the form with their application.

If determined when reviewing an application that an Applicant's CDFI Partner has not submitted the required BEA Signature Page, associated Distressed Community map(s) and any other required information, the Applicant will not be notified of the missing documentation.

During the application question and support period as outlined in the applicable NOFA, the CDFI Fund will confirm receipt of the required CDFI Partner documentation. Applicants may send an e-mail with a list of their CDFI Partners to [cdfihelp@cdfi.treas.gov](mailto:cdfihelp@cdfi.treas.gov). All responses will be sent via e-mail.

### **Compliance and Reporting Requirement**

All Awardees are required to use an amount equal to their BEA Program Award for BEA Qualified Activities. Applicants that receive BEA Program Awards over \$50,000 will be subject to compliance and reporting requirements. Applicants that receive BEA Program Awards of \$50,000 or less will be subject to compliance requirements, but not reporting requirements. Compliance and reporting requirements will be included as terms and conditions of the Award Agreement and made contingent to receipt of the Award. Reports are due 6 months from the end of the Performance Period as specified in the Awardee's Award Agreement. Awardees that must report will receive guidance from the CDFI Fund's Certification, Compliance Monitoring and Evaluation unit no later than June of the applicable Performance Period.

### **Community Services**

Community Services must meet each of the following criteria:

1. Promote community development through:
  - Provision of technical assistance and consulting services to Eligible Residents in managing their personal finances through consumer education programs;
  - Provision of technical assistance and consulting services to newly formed businesses located in the Distressed Community;
  - Provision of technical assistance or servicing the loans of Low- and Moderate-Income homeowners or homeowners located in the Distressed Community; or

- Other similar services provided to Low-and Moderate-Income individuals in a Distressed Community or enterprises Integrally Involved in a Distressed Community deemed appropriate by the CDFI Fund;
2. Enhance: (1) access to capital in the form of lending or investment; (2) access to financial services; or (3) organizational capacity or expertise of entities Integrally Involved in a Distressed Community (e.g., small business counseling);
  3. Create a direct benefit to Eligible Residents of Distressed Communities or entities Integrally Involved in a Distressed Community (e.g., business or non-profit organizations located in or serving a Distressed Community); and
  4. Be provided directly by a bank employee acting as a representative of the bank (i.e., the activity must be undertaken by a bank employee) and the service provided must utilize the financial, banking, or business expertise of the employee.

Applicants should report Community Services based on the administrative costs of providing such services. For staff time, use the number of hours contributed times the hourly salary of the staff member. For other administrative costs (such as printing costs for informational materials), Applicants should report the actual cost. In reporting the cost of Community Services, the Applicant should certify that the reported items are an accurate reflection of the actual costs incurred in delivering the service.

### **Distressed Communities Determination**

Applicants are encouraged to use the CDFI Fund's Information and Mapping System (CIMS) to geocode transactions to determine if they are located in qualified BEA Distressed Communities.

### **Double Funding**

A BEA Applicant may not submit as Qualified Activities any transactions funded with Award proceeds from another CDFI Fund program. For example:

**Example 1:** JKL Bank is an insured depository institution and a certified CDFI with a Target Market consisting of a single neighborhood on the Southside of Chicago. It received a CDFI Program Award from the CDFI Fund in September 2011. In November 2011, the CDFI Fund and JKL Bank entered into an Assistance Agreement under the CDFI Program. Shortly thereafter, the CDFI Fund disbursed the CDFI Program Award to JKL Bank. The CDFI Program Assistance Agreement covers the period from January 1, 2012 through December 31, 2014. The three-year Comprehensive Business Plan submitted by JKL Bank as part of its CDFI Program Application states that JKL Bank will use its CDFI Program Award to provide small business loans to its Target Market. JKL Bank's Target Market also qualifies as a BEA-qualified Distressed Community. Any small business loans JKL Bank made in its BEA-qualified Distressed Community with CDFI Program Award funds are ineligible to qualify as Qualified Activities under the BEA Program because they are the same activities for which JKL Bank received a CDFI Program Award.

**Example 2:** On September 30, 2011, PDQ Bank, an insured depository institution and a certified CDFI, received a CDFI Program Award from the CDFI Fund. In November 2011, the CDFI Fund and PDQ Bank entered into an Assistance Agreement under the CDFI

Program. Shortly thereafter, the CDFI Fund disbursed the CDFI Program Award to PDQ Bank. The CDFI Program Assistance Agreement covers the period from January 1, 2012 through December 31, 2014. The Comprehensive Business Plan submitted by PDQ Bank as part of its CDFI Program Application states that PDQ Bank will use its CDFI Program Award to increase its home mortgage lending within its Investment Area. PDQ Bank's Investment Area is also a BEA-qualified Distressed Community. At the end of 2012, PDQ Bank found that it had also increased its provision of small business loans within the Investment Area/Distressed Community and decided to seek a BEA Program Award. The Comprehensive Business Plan submitted to the CDFI Fund did not discuss the bank using its CDFI Program Award to provide small business loans. PDQ Bank is eligible to receive a BEA Program Award based on increases for such Qualified Activities because they are different than the activities for which PDQ Bank received a CDFI Program Award.

### **Equity-Like Loans**

For purposes of this NOFA, Equity-Like Loans must be provided by an Applicant or its Subsidiary to a CDFI Partner and must meet the following characteristics:

1. At the end of the initial term, the loan must have a definite rolling maturity date that is automatically extended on an annual basis if the borrower continues to be financially sound and carrying out a community development mission – unless the borrower and the bank mutually agree to terminate the agreement;
2. Periodic payments of interest and/or principal may only be made out of the CDFI borrower's available cash flow after satisfying all other obligations;
3. Failure to pay principal or interest (except at maturity) will not automatically result in a default under the loan agreement; and
4. The loan must be subordinated to all other debt except for other Equity-Like Loans.

Notwithstanding the foregoing, the CDFI Fund reserves the right to determine, on a case-by-case basis, if an instrument evidences an Equity-Like Loan.

### **Individual Development Accounts (IDAs)**

For both the Baseline Period and the Assessment Period, an Applicant may derive the total percentage of Low-and Moderate-Income individuals who are IDA account holders by: (1) providing a certification that such customers are Low-and Moderate-Income individuals and providing a brief analytical narrative with information describing how the Applicant determined that such customers were Low-and Moderate-Income individuals; (2) using the CDFI Fund's methodology described in the FY 2014 BEA Application; or (3) the CDFI Fund will presume that IDAs established for Project Participants by financial institutions, as published in Program Announcement OCS-2000-04 ("IDA Program Announcement") in the Federal Register (64 FR 69824) in Part II (G)(3) of the IDA Program Announcement, benefit Low- and Moderate Income individuals based on the requirements of the IDA Program.

### **In-kind contributions**

In-kind contributions to CDFIs (such as donation of equipment or office space) are not eligible Qualified Activities and should not be reported.

## **Letters of Credit**

Instruments issued by an Applicant guaranteeing payment of a borrower's debt obligation (direct-pay letters of credit, stand-by letters of credit, revolving letters of credit, etc.) are not eligible Qualified Activities and should not be reported.

## **Participation Loans**

A participation loan is a loan that is made jointly by two or more lenders to a borrower. Some participation loans involve a promissory note that references all of the lenders to the transaction with each independently disbursing loan proceeds to the borrower. However, the most common form of participation loan involves one of the lenders serving as a "lead lender" or "agent" for the group. In this case, the borrower signs the note to the order of the lead lender, solely. The lead lender then disburses all loan proceeds and the borrower makes payments of principal and/or interest solely to the lead lender. The other "participating lenders" usually sign a "participation agreement" that outlines their agreement to fund a portion of the loan issued by the lead lender, their respective rights to loan proceeds, and the obligations of all parties to the transaction. The lead lender and all of the participating lenders generally sign this agreement. It is important to note that the disbursement of funds to the lead lender or agent to fund loans to third parties by one or more participating lenders (i.e., a loan pool) to the lead lender or agent does not constitute an eligible Qualified Activity.

A participation loan is treated as any other loan under the BEA Program. As such, it may qualify as either a CDFI Support Activity or a Distressed Community Financing Activity. In order for a participation loan to be considered a CDFI Support Activity, the borrower must be a CDFI and the monies drawn must be used to support the CDFI's activities. If the CDFI Partner is participating in, or otherwise facilitating, the loan transaction -- but is not the actual borrower -- the transaction will not be considered a CDFI Support Activity. In order for a participation loan to be considered a Distressed Community Financing Activity, the borrower or activity financed must be located within or Integrally Involved in a designated Distressed Community.

As with other loans, in order for a participation loan to be a Qualified Activity under the BEA Program, the loan must be closed and an initial disbursement made during the applicable Assessment Period. Thus, all parties to the transaction must sign and execute the loan documents within the Assessment Period specified in the applicable NOFA. If the transaction involves a participation agreement between two or more lenders, such agreement may be signed prior to or during the Assessment Period provided that the note or loan agreement is signed within the Assessment Period. A BEA Program Applicant will not receive a BEA Program Award for a participation loan unless it is specifically named as a lender or party to the original transaction in either the note or the participation agreement. A BEA Program Applicant will only receive credit for their share of the participation loan. Accordingly, a BEA Program Applicant will not receive credit for purchasing a participation in a loan after the loan's origination.

Participation agreements between lenders may be in effect for multiple years, involve multiple loan agreements or notes, or involve multiyear disbursements on a single loan. While a participation agreement among lenders may be executed prior to an applicable Assessment Period, a BEA Program Applicant shall receive an Award only for a loan funding a particular Qualified Activity that is closed during the Assessment Period. Thus, a transaction involving a

disbursement on a loan closed prior to the beginning of or after the end of the applicable Assessment Period is ineligible for a BEA Program Award.

In some cases, a group of lenders may choose to renew or extend a participation loan the term of which is expected to expire during an applicable Assessment Period. As is the case with all renewed loans under the BEA Program, in the case of a loan that matures, is fully paid and is then renewed during the Assessment Period, the Applicant will be ineligible to receive the full value of its share of the principal amount of the renewed participation loan. However, in the case of a participation loan that is not set to expire during the Assessment Period but is refinanced, the BEA Program Applicant will be eligible to receive only the value of its share of any increase in the principal amount of the refinanced loan.

### **Renewals**

Loans that are renewed during the Baseline Period or the Assessment Period are not eligible as a Qualified Activity and should not be reported. However, Certificates of Deposit to CDFI Partners renewed after the previous three-year term has expired are eligible as a Qualified Activity in the applicable Assessment Period if they meet the requirements for a Qualified Activity as specified in the NOFA. Applicants will need to provide documentation indicating the first issuance date and renewal date of the Certificate of Deposit.

### **Refinancings**

Refinancing of loans (including fixed rate and adjustable rate mortgages) may be valued only at the amount of increase to the principal amount of the loan (i.e., the new credit available). For example, if an Applicant originally financed a loan for \$100,000 and the borrower subsequently wanted to refinance the loan and increase the amount borrowed to \$125,000, the Applicant can only claim the increase in the principal amount of \$25,000. Supporting documentation must be provided to demonstrate the increase in principal amount, in order to meet the Qualified Activity requirement specified in the NOFA. Transactions that do not clearly demonstrate the increase in principal amount may be disqualified entirely.

### **Technical Assistance**

Technical assistance provided by an Applicant to a CDFI must be reported based on the administrative cost of providing the services. For staff time, report the number of hours contributed times the hourly salary of the staff member. For other administrative costs (such as printing costs for informational materials), report the actual cost. An Applicant should submit an itemized list of costs that it is seeking to be considered as a Qualified Activity. In reporting the cost of technical assistance activities, the Applicant should certify that the reported items are an accurate reflection of the actual costs incurred in delivering the service.

### **Technical Assistance or IDA Match Contributions**

An Applicant shall report any financial literacy training or other types of technical assistance provided to ETA or IDA holders under the Community Services category. An Applicant should also report funds provided to match IDAs, either directly or through a non-profit entity, as Community Services in the Services Activities Category.

# Instructions for myCDFIFund Registration and CDFI Partners

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## Overview

All Applicants and CDFI Partners must register User and Organization accounts in myCDFIFund, the CDFI Fund's internet-based interface, and complete a BEA Signature Page through their myCDFIFund account.

CDFI Partners that are the recipient of CDFI Support Activities from BEA Applicants must associate a Distressed Community map from CIMS in its BEA Signature Page.

An Applicant seeking an Award for providing CDFI Support to a CDFI Partner will identify the CDFI Partner by listing its full legal name on *Worksheet 2: Report of Transactions* and on *Certification 3: Certification of Integrally Involved CDFI Partners*. CDFI Fund staff may verify the CDFI Partner is registered in myCDFIFund.

The following instructions describe the process for creating a myCDFIFund account, submitting a BEA Signature Page and creating/associating a Distressed Community map. Please see the FY 2014 BEA Program Application located on the BEA Program page of the CDFI Fund's website for additional instructions on submitting a complete BEA Program Application.

## Step 1: Accessing myCDFIFund

- Go to the CDFI Fund's website at <http://www.cdfifund.gov>.
- Log into myCDFIFund with your user name and password.
  - If you have not registered as a user with myCDFIFund, then you must first complete the registration process. To register, click on **I do not already have a user account with myCDFIFund**. The user registration wizard will guide you through the process.
  - If you are having problems accessing your user account, please contact the CDFI Fund's IT Help Desk.
- Select your organization from the drop down list, then click **Access Organization**.
  - If you do not see your organization listed in the drop down list, you must request access from the Account Administrator. Select **Request Access to an Organization** under **Options**. Requesting access to an organization will send a notification e-mail to the Account Administrator informing them of your intent to access the organizations account.
  - If your organization is not registered with myCDFIFund, then after selecting **Request Access to an Organization**, the system will prompt you to register the organization. The organization registration wizard will guide you through the process.
- Enter the EIN of the organization that you are trying to access. If you are having problems accessing your organization's account, please contact the CDFI Fund's IT Help Desk.
- You are now logged into myCDFIFund.

## Step 2: Accessing the BEA Signature Page

- From the Organization home page, click on **Applications** under the navigation bar on the left side of the screen.
- Under **New Applications**, click on **BEA Signature Page**.
- The application will open to the **Instructions** page. This screen has overall instructions to the Signature Page data entry. The navigation bar at the top right (“top navigation bar”) provides access to the Organization sections of myCDFIFund. The navigation bar on the left side of the screen (“left navigation bar”) is used for navigating within the Signature Page data entry screens.
- Click **Organizational Profile** on the top navigation bar. Check that the organization profile information recorded in myCDFIFund is correct – especially organization address, EIN, and DUNS.
  - This information is used for the Signature Page. Please make sure that it is complete and up to date.
  - You must contact the CDFI Fund’s IT Support to update the Organization Name, EIN or DUNS. Please refer to the “Contacting the CDFI Fund” section of the 2014 BEA Application for respective phone numbers, email addresses and websites.
- When you have ensured that all of your organizational information is correct, click on **Application** (on the left navigation bar) then **BEA Signature Page** (which will now appear under Open Applications on the center of the screen). **Click on Organization Information**. Complete the requested information and then click on the **Update Signature Page Information** at the bottom of the screen.
- At this point, you could continue filling out the Signature Page, or if you are a CDFI Partner, designate a Distressed Community by associating a Distressed Community map(s).
- CDFI Partners must designate and associate its Distressed Community map(s) prior to submitting the BEA Signature Page. CDFI Partners **must not** submit the Signature Page until the Distressed Community map(s) have been associated. CDFI Partners, please continue to Step 3: Creating BEA Distressed Community Maps.

## Step 3: Creating BEA Distressed Community Maps and Associating Maps to the BEA Signature Page (CDFI Partners only)

- From the **Organization Homepage**, click on **Mapping** on the left navigation bar to access CIMS – the CDFI Fund’s mapping system. From here, you will create and save your Distressed Community map(s).
- For more information on how to designate a Distressed Community in CIMS, please see the CIMS Help menu located at the top of the screen or refer to instructions on the BEA Program’s page on the CDFI Fund’s website: [www.cdfifund.gov/bea](http://www.cdfifund.gov/bea).

- In order to associate a Distressed Community map in CIMS to your organization's BEA Signature Page, perform the following steps:
  - After creating the Distressed Community map, click **Save As** to go to the page that will allow you to name the Distressed Community map.
  - Name the Distressed Community map as "BEA DC 2014".
  - Select the associated application signature page as **2014 Bank Enterprise Award Signature Page**.
  - Click the box which reads "Associate my map with an application".
  - Select the associated application signature page as **BEA Signature Page**.
  - Select the Targeted Population as **None**.
  - If asked to enter a Revision Comment, please do so.
  - Click **Save**. The Distressed Community map has now been associated with the BEA Signature page. There will be a note in the Maps tab which says: "Status: Submitted".

Note: If a CDFI Partner has an existing BEA qualified Distressed Community map that represents a Distressed Community in which it is currently Integrally Involved, the CDFI Partner does not have to create a new map. The CDFI Partner should use the "Save As" feature to save the existing map as "BEA DC 2014" and associate it with its BEA Signature Page as described above.

#### Step 4: Completing and Submitting the BEA Signature Page

- Click on each link on the left navigation bar, enter the information requested, and then click on **Update Signature Page Information** at the bottom of each screen.
  - Formatting requirements and hints are located under each question. Required fields are indicated with a red triangle.
  - Be sure to click the **Update Signature Page Information** at the bottom of the page to save and record your responses. As you complete each screen and click on the Update Signature Page Information, the red triangles will disappear.
- Check for Completeness of Required Entries and Reviewing the Information:
  - On the left navigation bar, click on **Submit and Print**, then on **Submit, Preview and Print Signature Page**.
  - If all entries have been validated, the page will display **Submission Status – Complete**.
  - If all entries have not successfully validated, the page will display **Submission Status: Not Complete**.
    - The system will display a list of sections found to have no data entered in required fields. You will need to return to the appropriate section on the left navigation bar to complete the missing fields.
    - Any missing item identified with "MyCDFI" must be updated in the Organization Profile section of myCDFIFund.
    - When you have finished entering the missing data, return to the **Submit and Print** page to check the status until you see **Submission Status – Complete**.
- On the **Submission Status – Complete** screen, click **Preview Signature Page** immediately below the page title. The completed Signature Page document will display.

- Make any necessary edits, by clicking on **Return to Signature Page Input** at the top of the screen, and then the appropriate link on the left navigation bar. You can return to the **Submission Status – Complete** screen by clicking on the **Submit and Print** button on the left navigation bar.
- Once you are satisfied with the Signature Page, return to the **Submission Status: Complete** page by clicking **Return to Signature Page Input** at the top of the page.
- From the **Submission Status – Complete** page, click the **Submit Final Signature Page** button. The final Signature Page document will display.
- Print the final Signature Page document as confirmation of submission.
- Return to myCDFIFund via the link at the top of the page. The submitted Signature Page should now be listed under Submitted Applications.

## **Frequently Asked Questions: Guidance For Applicants**

### ***If I have questions about the BEA Application, who do I call?***

There are a number of resources available to you, depending on the nature of your question. Please refer to the "Contacting the CDFI Fund" section of the 2014 BEA Application for respective phone numbers, email addresses and websites. For Grants.gov submission and/or technical issues, please contact Grants.gov directly at (800) 518-4726 or [support@grants.gov](mailto:support@grants.gov).

### ***How do I submit my application? When is the deadline?***

Please refer to the "Application Submission Requirements and Deadlines" section of the 2014 BEA Application for detailed information. The Application is organized in 2 parts, which have different submission procedures and deadlines. The application submission date is two business days prior to the BEA Signature Page and documentation of Qualified Activities /uploaded attachments due date.

1. The following must be submitted via Grants.gov by **11:59 p.m. ET on June 2, 2014**:
  - Application for Federal Assistance Standard Form (SF 424) – with electronic signature
  - Electronic attachments (MS Word Templates and MS Excel Charts)
2. The following must be submitted in myCDFIFund by **5:00 p.m. ET on June 4, 2014**:
  - Registration for a myCDFIFund account (all Applicants and CDFI Partners)
  - Signature Page (all Applicants)
  - Signature Page and attached map of CDFI Partner's Distressed Community (CDFI Partners only)
  - Documentation of Qualified Activities

Applications sent by mail, facsimile or email will not be accepted.

### ***Do I need to submit a map with my application?***

Only CDFI Partners who received CDFI Support Activities are required to (i) designate a Distressed Community in the CDFI Fund's Information and Mapping System (CIMS) and (ii) associate the map with their BEA Signature Page. CDFI Fund reviewers will first identify a BEA Applicant's CDFI Partners and then log into their myCDFIFund accounts to verify the Distressed Community maps. Therefore, it is very important that your CDFI name be correct in each of your bank partner's Report of Transactions and CDFI Partner Certification.

Detailed instruction are provided in "Part II: myCDFIFund Submission" in the 2014 BEA Application and in the Instructions for myCDFIFund Registration and CDFI Partners section of this document.

While no map(s) are required to be submitted with the Application, Applicants are encouraged to use the CIMS mapping system to ensure that transactions are in BEA Qualified Distressed Communities.

### ***How do I know if an organization is a CDFI Partner?***

See the definition of CDFI Partner in the NOFA and in the Glossary of this document.

***What are the reporting and documenting requirements for BEA Qualified Activities?***

See "Part III: Qualified Activity Documentation" in the 2014 BEA Application for the various reporting and documentation requirements for CDFI Related Activities, Distressed Community Financing Activities and Service Activities.

***Can Bank Holding Companies apply for BEA?***

No. Depository Institution Holding Companies are not able to apply for a BEA Program Award on behalf of their subsidiary banking institutions.

***Are leverage loans used in New Markets Tax Credit structured transactions considered BEA Qualified Activities?***

Yes. Leverage loans used in New Markets Tax Credit transactions and located in a BEA Distressed Community are considered Distressed Community Financing Activities.

***What does the BEA Program consider as a "small business" if an applicant wants to report an increase in small business loans and related project investments?***

Page 40 of the application ("Small Business Loans and related Project Investment") summarizes the criteria used to determine a small business. To summarize, the small business (or farm) must be located in a BEA Distressed Community and meet either of the following two requirements:

1. Meet the size eligibility standards of the Small Business Administration's Development Company program or Small Business Investment Company (SBIC) program, as defined in 13 CFR 121.301; or
2. Have gross annual revenues of \$1 million or less.

**Frequently Asked Questions: myCDFIFund Registration and CDFI Partners**

***How do I know if I need to register as a CDFI Partner?***

If an Applicant is seeking a BEA Program Award for making a qualifying loan, deposit, or technical assistance to your CDFI, then your CDFI must: (i) have a myCDFIFund account and (ii) complete a BEA Signature Page as a CDFI Partner. A CDFI that is the recipient of Equity Investments only (grants, equity, or equity-like loans) does not have to register as a CDFI Partner.

***Do I have to create new maps, or can I use my existing BEA Distressed Community maps and worksheets?***

If you have previously saved your qualified BEA Distressed Community maps in CIMS, and they represent a Distressed Community in which you are currently Integrally Involved, you may use them for this application. Maps should be saved as "BEA DC 2014".

***Can I associate more than one Distressed Community map with my BEA Signature Page?***

Yes, you may associate as many Distressed Community maps as are relevant for this application round.

***Can I associate my target market maps that I created for my CDFI Certification application or maps I previously created for my FA/Core application?***

No. The CDFI Program uses different threshold criteria for identifying targeted communities for Financial Assistance and Technical Assistance Awards. The maps must be specific to the BEA Program.

***Why do I not see the 2014 Signature Page in the 'Applications' section of myCDFIFund?***

You must be a registered user of your organization's myCDFIFund account to access the Signature Page. To obtain access, perform the following steps: 1) Login to myCDFIFund, go to the Organization tab and click the "Access Organization" button; 2) Enter the EIN and click the "Access Organization" button; 3) Click the "Organization Profile" link on the left-hand side of the screen; 4) Click the "Users" sub-link under the new set of sub-links that appear; 5) Click the icon next to the name of the user; 6) in the "Section Access" area, click the "2014 BEA Signature page" link; and, 6) Place a checkmark in the "Read/Modify" box and click the "Update User Role" button.

***Do I need to physically sign the Signature Page?***

Applicants and CDFI Partners do not need to physically sign the Signature Page. The Signature page is signed electronically upon submission.