1999

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How Banks can Benefit from Partnership with Community Development Financial Institutions: The Bank Enterprise Awards Program

I. INTRODUCTION

In 1997, First Union National Bank (First Union) received a Bank Enterprise Award (BEA) from the federal government worth over $2 million,¹ for increasing its loans, grants, investments and services to community development financial institutions (CDFIs) by more than $28 million during the same fiscal year.² These CDFIs, in turn, used First Union’s capital and expertise to serve low-income communities by extending financial services to neighborhoods that traditional banks historically have avoided.³ CDFIs, an emerging sector of loan and venture capital funds, community development banks, and credit unions, have captured the imagination of traditional banks, community groups, academics, and public officials in recent years as tools to reach small markets in an era of financial consolidation.⁴ The federal government, for its part, created the

². See id.
³. See id. These neighborhoods include low-income urban communities that experience racial and economic segregation, declining infrastructure and high concentrations of unskilled labor. Bank reluctance to extend credit is called “redlining,” a reference to the former bank practice of using a red pen to circle on a map low-income and African-American neighborhoods in which some banks allegedly chose not to lend. See generally David E. Runck, An Analysis of the Community Development Banking and Financial Institutions Act and the Problem of “Rational Redlining” Facing Low-Income Communities, 15 ANN. REV. BANKING L. 517 (1996) (analyzing the rational and irrational causes of redlining); see also Peter Dreier, America’s Urban Crisis: Symptoms, Causes, Solutions, 71 N.C. L. REV. 1351 (1993) (describing the afflictions of America’s inner cities).
⁴. See Runck, supra note 3, at 518-20 (describing the factors contributing to credit problems in low income neighborhoods). Commentators generally agree that financial industry consolidation and the search for economies of scale lead to declining access to credit in small markets such as low-income communities. See id. Other debated factors include globalization, the small relative credit needs in low-income communities, the lack of credit worthiness of borrowers, inaccurate perceptions of risk, and explicit racial discrimination. See id.; see also Peter P. Swire, The Persistent Problem of Lending
Community Development Financial Institutions Fund (CDFI Fund or Fund), which encompasses the BEA program, to encourage banks to invest in and partner with CDFIs.

To understand how First Union obtained its award, one must understand the goals and objectives of the federal government's CDFI Fund and BEA program. Similarly, to understand the opportunities these programs provide for banks, one must see the recent trends in community development and appreciate the success of CDFIs. This Note discusses the growth of the CDFI industry and shows how banks and thrifts can benefit from partnerships with CDFIs and funding from the BEA program. Part II of this Note explains what a CDFI is, briefly describes the different types of CDFIs and the markets these institutions serve. Part II also reviews the history of the federal CDFI Fund, its enabling legislation, and the Fund's principal features. Part III focuses on the Fund's BEA program, how the program works, who has received money in the first round of funding and how banks apply. In Part IV, this Note considers the controversial history of the Community Reinvestment Act and how recently implemented regulatory changes encourage banks to form mutually beneficial partnerships with CDFIs to meet their CRA obligations. Finally, Part V concludes that banks and thrifts have an interest in pursuing BEA program awards and partnering with CDFIs to meet their Community Reinvestment Act (CRA) obligations.


5. See infra notes 10-36 and accompanying text.
6. See infra notes 37-83 and accompanying text.
7. See infra notes 84-117 and accompanying text.
8. See infra notes 118-65 and accompanying text.
9. See infra notes 166-73 and accompanying text.
II. COMMUNITY DEVELOPMENT: A GROWTH INDUSTRY

A. What is a CDFI?

The term "community development financial institution" describes a wide array of institutions that operate in markets where traditional banks do not offer accessible services. CDFIs can have different organizational structures. They can be located in urban or rural areas, and serve low income or small business needs, but they all share a common purpose; CDFIs operate where traditional lending and financial service institutions fail to take advantage of a market for service.

CDFIs are grouped into six broad classifications that use different structures and respond to different needs for investment: community development banks (CDBs), community development corporations (CDCs), community development credit unions (CDCUs), community development loan funds (CDLFs), community development venture capital funds (CDVCF), and micro-

10. See supra note 3 and accompanying text (describing the markets CDFIs seek to serve).
11. See Nellie R. Santiago et al., Turning David and Goliath into the Odd Couple: How the New Community Reinvestment Act Promotes Community Development Financial Institutions, 6 J.L. & POL’Y 571, 598 (1998) (discussing the different types of CDFIs); see also Robert W. Shields, Community Development Financial Institutions and the Community Development Financial Institutions Act of 1994: Good Ideas in Need of Some Attention, 17 ANN. REV. BANKING L. 637, 643-52 (describing in greater detail community development banks, community development credit unions and community development loan funds).
12. “[CDBs] are federally insured and regulated depository institutions organized specifically to provide capital and related developmental services.” MURRAY A. INDIK & THOMAS J. DELANEY, INTERSTATE BANKING AND COMMUNITY DEVELOPMENT ACTS: A SPECIAL REPORT ¶ 7.01 (1995) (citing Community Development Financial Institutions Act of 1993: Hearings on S.1275 before the Senate Comm. on Banking, Housing and Urban Affairs, 103d Cong. 74 (1993) (Testimony of Jeremy Nowak, The Coalition of CDFIs)).
13. Community development corporations are “financial intermediaries that channel debt and venture capital to low income communities.” Id.
14. Community development credit unions are “regulated financial cooperatives owned and operated by lower income persons.” Id.
15. Community development loan funds are “nonprofit unregulated financial intermediaries that aggregate capital from individual and institutional social investors and re-lend this money primarily to non-profit housing and business developers.” Id.
16. Community development venture capital funds are “organizations that provide seed [money] and equity assistance to start up businesses in low income communities.”
enterprise loan funds (MELFs). Each structure meets a different market need, and often the form reflects the resources that a community has at its disposal.

CDFIs are often associated with urban, low-income communities. For instance, Neighborhood Housing Services of Toledo, Inc., an Ohio based nonprofit corporation, organized two decades ago with the purpose of bringing public and private resources together for affordable low income housing. Notwithstanding the frequent association, a CDFI is not required to be in, or service, an urban area. The 1998 Presidential Awards for Excellence in Microenterprise Development recognized as an excellent CDFI North Carolina’s Rural Economic Development Center, created in 1989 “to provide access to capital to businesses in the state’s rural counties.” Similarly, CDFIs need not service only low-income needs. The Seattle, Washington-based Cascadia Revolving Fund has made loans to over 170 small businesses in its 12 years. This for-profit CDFI has high success rates in its businesses and has lost less than 1% of its total investments.

Information on the number of CDFIs and their loan and investment activity suggests that they serve a large market. Data has only recently been collected and will become more reliable over time, however. Clifford Rosenthal, a representative of the CDFI Coalition, claims his organization represents over 350 CDFIs including 170 Community Development Credit Unions. His member CDFIs have “loaned and invested some $4 billion in our nation’s most distressed communities.”

For a detailed description of each type of CDFI, see Santiago, supra note 11, at 599-610. It is beyond the scope of this paper to examine fully all of the forms CDFIs can take. Generally, CDFI describes a loose category of institutions that have community development related activities as their focus. Banks interested in benefiting from the BEA program through partnerships with CDFIs must make their investments in certified CDFIs. See Indick & Delaney, supra note 12, at ¶ 7.01. The CDFI Fund staff makes this determination. See id.

Core Profiles, supra note 18.

See also Core Profiles, supra note 18.
communities.” 21 The CDFI Fund, however, has reviewed applications for and certified only 254 CDFIs as of August 17, 1998.22 This number does not include all CDFI activity since it represents the limited number of CDFIs that have approached the federal government’s Fund for certification and financial support. The Fund claims between $100-$160 million in combined federal, state, local and private sector activity from fiscal year 1996 which it estimates should “generate approximately $400 million in new community development activity over the next decade.” 23

As the effects of the CDFI Fund grow, the number of certified institutions and measures of their activity should become more reliable. Overall, the community development activity in loans and investments has come from a wide array of unconventional institutions designed to meet the needs present in their communities. The total effect of this activity is only beginning to be seen.

As noted, CDFIs operate in markets where traditional lending and financial service institutions do not.24 Deputy Secretary of the Treasury Lawrence Summers describes these markets as “the emerging markets within our own borders.”25 Commentators and community groups share concern over the consolidation of traditional lending institutions based on what consolidation means for small borrowers and for communities that have suffered “disinvestment.”26


24. See supra note 3 and accompanying text.


26. See Runck, supra note 3. It is beyond the scope of this paper to examine fully the debate over “redlining” and industry consolidation that have prompted legislative initiatives such as the fair lending laws and the Community Reinvestment Act. For more information on this debate, see Santiago, supra note 11, at 579-83. See also NATIONAL COUNCIL FOR URBAN ECONOMIC DEVELOPMENT, THE COMMUNITY REINVESTMENT ACT AND ECONOMIC DEVELOPMENT: A PROFILE OF COMMUNITY LENDING IN EIGHT CITIES (1990) [hereinafter EIGHT CITY PROFILE]; Cassandra Jones Havard, Synergy and Friction
Summers states, "[a] successful CDFI is perhaps best compared to a niche venture capital firm that deploys its superior knowledge of an emerging market niche to invest and manage risk better than other investors."27 Typically, CDFIs serve credit and capital needs in communities where markets do not send adequate signals to traditional institutions that there is demand for service. These communities often represent small demand areas with high real or perceived risks.28 Summers notes:

The world over, private financial markets fail when it comes to very poor. You could say that mainstream banks do not seek out poor communities – because that is not where the money is. Market psychology and other barriers tend artificially to restrict the flow of capital to certain neighborhoods or to minority groups, creating clear market failures.29

CDFIs serve as “market scouts”30 that seek out and invest in innovative ideas and entrepreneurs that are overlooked by larger financial institutions.31 Usually, the investors come from within the community and know the community well; they are entrepreneurs themselves32 and facilitate small, familiar business investments.33 The types of small investments, made by people working for CDFIs, include loans and grants to: jewelry vendors, taxi drivers, restaurant

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27. Summers Address, supra note 25.
28. See id; see also Taibi, supra note 4 at 1465 (discussing risk perception).
29. Summers Address, supra note 25.
30. See id; see also Shields, supra note 11, at 641-43 (arguing that CDFIs have greater experience with and knowledge of the community and thus enable people and businesses most committed to rebuilding the community).
31. See Summers Address, supra note 25.
32. See id; see also Shields, supra note 11, at 641-43 (pointing out that CDFIs develop a “specialized market expertise” that allows them to determine what the community needs and who is best positioned to meet those needs).
33. See Summers Address, supra note 25.
owners, housing owners, employee-owned, and minority and women-owned businesses, often run out of the home.\textsuperscript{34}

An essential feature of CDFIs is that they are private-sector institutions that survive based on their ability to meet market demands without losing to failed investments. The executive director of the National Community Capital Association reports that in 1997, his 210 member CDFIs maintained a cumulative loss rate of 1.25\% "comparable to the best banks despite the much higher risk profile of [CDFI] lending."\textsuperscript{35} Donald Nash, counsel and director of housing development at Sinergia, a New York non-profit, notes that competitive pressures in the banking industry will further open markets for CDFIs, allowing CDFIs to expand in response to need.\textsuperscript{36} But like the communities they serve, CDFIs often have difficulty with gaining access to credit and capital they need to do business. Thus, the federal government created the CDFI Fund to provide government seed money, services, credits and investments to CDFIs and the BEA program to encourage banks and thrifts to do the same.

\textbf{B. History of the CDFI Fund}

\textbf{1. The Riegle Community Development and Regulatory Reform Act of 1994}\textsuperscript{37}

In 1992, then-Governor Bill Clinton campaigned for the presidency on the idea of "a network of financial service institutions to expand access to credit and financial services in lower income urban,

\begin{footnotesize}
\textsuperscript{34} See Core Profiles, supra note 18.
\textsuperscript{35} Reauthorization of the Community Development Financial Institutions Fund: Hearing Before the Subcomm. on Fin. Inst. and Consumer Credit of the House Comm. on Banking and Fin. Services, 105th Cong. 1315 (1998) [hereinafter Pinsky Testimony] (prepared statement of Mark Pinsky, Executive Director of the National Community Capital Association).
\textsuperscript{37} Note the different names associated with the legislation. Using different names may lead to some confusion. The legislation is referred to as The Riegle Community Development and Regulatory Reform Act, The Community Development Banking and Financial Institutions Act, and The Community Development Banking Act. See Indick & Delaney, supra note 12, at ¶ 7.01.
\end{footnotesize}
rural and Native American communities." 38 To implement this idea, President Clinton proposed a start-up fund of $382 million to assist in the creation of and investment in CDFIs across the country. 39 This initial plan met with widespread support in the Senate but encountered some opposition in the House of Representatives from members friendly to the banking industry. 40 Representatives Floyd Blake (D-NY) and Jim Leach (R-IA) counterproposed with a suggestion to use a private-sector leverage requirement and rebates on federal deposit insurance premiums 41 as incentives for existing banks and thrifts - rather than newer CDFIs - to be the link to low income communities. 42 After more than a year of hearings and negotiations, the two plans - the President's plan to create a fund for CDFIs and the Congressional plan to give financial assistance to banks - were combined into a package, added to additional banking sector reforms, passed and signed into law. 43 The bill converted the proposal to provide rebates on deposit insurance for banks and thrifts into a more general plan to provide monetary awards which depository institutions could do with as they please. This provision was entitled the Bank

38. Summers Address, supra note 25.
39. See Indick & Delaney, supra note 12, at ¶ 7.02. For a more detailed description of the legislative history of the Community Development Banking Act, see Lash, supra note 36.
40. See Lash, supra note 36, at 394 (quoting Rep. Jim Leach (R-IA) as being concerned CDFIs would "preempt or replace the lending done by existing institutions"). The article concludes that "CDFIs will not replace conventional banks, and it was not the intention of Congress in enacting CDBA to create an alternative to conventional lending." Id. at 400.
41. See Indick & Delaney, supra note 12, at ¶ 7.03[3]. Notably, the idea to use federal deposit insurance credits through the Federal Deposit Insurance Corporation (FDIC) did not pass into law. Instead, banks and thrifts can receive monetary credits as awards with which they can do as they please. See id; see also 12 C.F.R. §1806.200 (1997) (indicating no restrictions on how banks use their awards). No obvious reason exists as to why the federal deposit insurance provision was dropped. In negotiating the funding levels for the program, the House Appropriations Committee provided no funding. The Senate version of the bill, H.R. 4624, provided limited funding on condition that none of the funding went to pay for deposit insurance credits. See Senate Panel Approves VA/HUD Funding Bill With $25 Million Budget For CDFIs, 63 Banking Rep. (BNA) 128 (July 25, 1994).
42. See Indick & Delaney, supra note 12, at ¶ 7.02; see also Runck, supra note 3, at 536 (arguing that "[b]y providing financial incentives to traditional banks instead of CDFIs, the government could stimulate more credit to low-income urban areas for each dollar spent").
43. See Indick & Delaney, supra note 12, at ¶ 7.02.
Enterprise Awards (BEA) program. The final bill passed with the widespread support of banks and thrifts, as well as community development financial institutions and coalitions of community groups.

2. A Difficult Beginning for the CDFI Fund

When President Clinton signed into law the Riegle Community Development and Regulatory Improvement Act in October of 1994, he fulfilled his promise of CDFIs using grants, loans and investments from a federal fund to rebuild low income and disinvested communities. To pay for this plan, the bill authorized $382 million over four years that existing CDFIs could tap for support. The CDFIs, in turn, were required to leverage dollars from private-sector sources to fill their coffers and qualify for the federal support. As a part of the Act, banks could contribute as private-sector sources to CDFIs and receive, as a benefit, money from the Fund's BEA

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44. See infra notes 84-117 and accompanying text.

45. In fact, the final vote in the House was 410-12, and it was unanimously approved in the Senate. 142 CONG. REC. S1790 (daily ed. Mar. 12, 1996) (statement of Sen. Leahy). The overwhelming support for the final bill appears to have had as much to do with its regulatory relief provisions as the provisions creating the CDFI Fund. The American Bankers Association named passage of the bill its top 1994 priority. House Approves Interstate Branching, CDB Conference Reports, Awaits Senate Action, 63 Banking Rep. (BNA) 187, 188 (Aug. 8, 1994). The Independent Bankers Association of America seemed equally focused on regulatory relief. After passage, their press release said, "Regulatory relief at last." Id.

46. 12 U.S.C. §§ 4701-4718 (1994). The bill contains five titles, not all of which have to do with Community Development Financial Institutions:

Title I is comprised of funding for CDFIs and additional disclosure requirements to the Truth-in-Lending Act; Title II facilitates the securitization of small business loans and creates a $50 million fund to promote capital access programs at the state and local level; Title III provides substantial paperwork reductions in the bank regulatory process; Title IV reduces the number of Currency Transaction Reports required of depository institutions; Title V improves the National Flood Insurance Program.

Indick & Delaney, supra note 12, at ¶ 1.02[1]-[2].

47. See supra notes 10-17 and accompanying text (discussing what constitutes a community development financial institution).

48. See infra notes 62-83 and accompanying text (discussing the Fund and its principle features).

49. The Fund permits state and local public dollars to be used as matching funds for the purposes of satisfying the 1-to-1 matching fund requirement. See infra notes 78-83 and accompanying text.
program that was also paid for under the Act. Under this scheme, "the government [is put] in partnership with private-sector community groups and banks to leverage further investment in low income areas and bring credit to qualifying applicants who may have had trouble getting it in the past." Anticipating the benefits of the BEA program, NationsBank pledged $25 million in new investments directed at CDFIs and Bank of America pledged $50 million. These new investments were announced at the Act’s signing ceremony.

Despite this early optimism, three years later the CDFI Fund was still getting organized in its Department of Treasury office, and the smaller-than-needed staff could hardly handle the process of reviewing and certifying CDFIs. Also, the Fund’s records were audited by the General Accounting Office, KPMG Peat Marwick and a United States House subcommittee for concerns about management and accounting. Meanwhile, the Fund received 427 applications

50. The Act adopts provisions created under the Bank Enterprise Act of 1991 with some modification to make it compatible with the Core CDFI Fund program. For more on the Core CDFI program, see infra notes 72-77 and accompanying text.


52. See id. at 443.

53. The relationship between the CDFI Fund and the Department of Treasury has evolved. Under the initial legislation, the Fund was established as a wholly owned government corporation directed by an Administrator who was appointed by the President and an advisory committee of private citizens and cabinet officials. See Community Development Banking and Financial Institutions Act of 1994, Pub. L. No. 103-325 § 4703(a)(2), 108 Stat. 2163 (1994). Subsequent legislation in July 1995 placed the Fund under the Secretary of the Department of Treasury and made it a permanent office within the Department. See 12 C.F.R. § 18.1805 (1998).


55. The results were generally critical. Reauthorization of the Community Development Financial Institutions Fund: Hearing Before the Subcomm. on Fin. Inst. and Consumer Credit of the House Comm. on Banking and Fin. Services, 105th Cong. 268 (1998) [hereinafter Testimony of Molnar] (prepared statement of Karyn L. Molnar, Partner KPMG Peat Marwick LLP). KPMG Peat Marwick issued an "unqualified opinion" and noted a "material weakness" in accounting for grant award expenses. Id. Other critics, including Senator Richard Shelby (R-AL), found evidence that the Fund
CREDIT AVAILABILITY

from CDFIs across the country. Requests for funding for projects equaled $10 for every $1 available, and the Fund awarded 80 CDFIs more than $75 million and granted 92 banks and thrifts $30 million under the BEA program. The federal money itself was matched by over $270 million from banks. After a slow start, the Fund was operational.

The total appropriations Congress granted the Fund have fluctuated since the Fund’s inception. Original funding legislation allocated a full $382 million over four years. The total appropriation stood after three fiscal years at $145 million, far below expected levels. The Fund, however, was appropriated $80 million in fiscal year 1998 and has now been appropriated $125 million for fiscal year 1999. This recent funding bill brings the Fund’s total to $350

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57. See Testimony of Rosenthal, supra note 21, at 1105.


59. See Olaf de Senerpont Domis, Community Development Program Has $300M in Applications, and $31M to Spend, AM. BANKER, Feb. 6, 1996, at 4. “Congress voted to ax the community development fund in the 1996 budget reconciliation measure, which President Clinton then vetoed.” Id. The resulting compromise reduced the CDFI Fund’s budget to $30 million for fiscal year 1995 after Congress had approved $125 million in the original 1994 spending bill. See id.; see also, HUD May Get $20 Billion in Funding for FY 1996, NAT’L MORTGAGE NEWS, Oct. 9, 1995 at 7 (reporting that the 104th Congress planned to eliminate all funding for the CDFI Fund for fiscal year 1996).

60. 1997 CDFI FUND ANN. REP. 14.
million and places it on a steep curve of increasing appropriations.  

C. Principal Features of the Fund: The Core and BEA Programs

The CDFI Fund is mainly a mechanism to transfer federal funds to communities in need. There are four principal features of the CDFI Fund created by the Act. The first is a Core program that assists qualified CDFI applicants in the form of equity investments, deposits, and grants. A second feature of the Fund, the BEA program, permits up to one-third of the money appropriated by the Fund to be earmarked for awards to banks and thrifts in return for investments in CDFIs and distressed communities. Another principal feature is the Technical Assistance and Training program that provides funds for CDFIs to increase their capacity to provide services within their target communities. The final principal feature of the program, begun in January 1997, is the Microenterprise Awards program. This program provides nonmonetary awards that recognize microlending efforts for the benefit of women, minorities and low-income small businesses and individuals. This article focuses on the first two features of the CDFI Fund: the Core and BEA programs.

The first two rounds of awards show robust activity for the CDFI Fund despite Congressional efforts to eliminate the program. The Fund has developed this robust activity while being credited with the tight standards under which it decided the first rounds of awards.

61. See id.; see infra Appendix, Chart One.
63. See Indick & Delaney, supra note 12 at ¶ 7.03[3]. See infra notes 84-117 and accompanying text (explaining the BEA program).
64. See Indick & Delaney, supra note 12, at ¶ 7.03[1][b].
66. The Fund was appropriated $125 million for fiscal year 1995. This amount was reduced to $50 million through budget negotiations in 1995. See id. House Republicans in the 104th Congress slated the CDFI Fund for complete elimination, but after a presidential veto of the $16.4 billion rescission bill much funding was restored. See id. One Senate Republican staff person is quoted as saying, "[T]here is a lot of support for providing additional capital for these community development banks, but we figured why create a new agency when we're thinking of killing all these other agencies." See infra Appendix, Chart One. See also Olaf de Senerpont Domis, With A GOP Congress, Development Fund Is on Shaky Ground, AM. BANKER, May 22, 1995, at 4.
Chart Two in the appendix shows the number of dollars awarded by the Fund in fiscal years 1996 and 1997 by program.\(^6\) In 1996, the Fund granted 31 CDFIs and 38 depository institutions (banks and thrifts) a total of $50.3 million under the Core and BEA programs, respectively.\(^6\) In 1997, the Fund’s allocations only increased slightly, but the number of institutions funded increased more dramatically.\(^7\) In 1997, 48 community institutions and 54 depository institutions received awards totaling $54.8 million.\(^7\)

1. The Core Program

The Core program constitutes the bulk of allocations under the CDFI Fund.\(^7\) This program of the CDFI Fund “invests in CDFIs using flexible tools such as equity investments, loans, grants, and deposits, depending upon market and institutional needs”\(^7\) to support the business activities of CDFIs.\(^7\) The type of investment tool differs

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69. See id.
70. See id.
71. See id. See infra Appendix Chart Two.
74. Community institutions must be certified by the CDFI Fund as “Community Development Financial Institutions” before they are eligible to participate in the Core Program. See CDFI Fund, Certified CDFIs as of Aug. 17, 1998 (1998). Unless a bank or thrift is certified as a CDFI, it cannot directly benefit from the Core Program. See id. Each year the CDFI Fund publishes a list of institutions it certifies. See id.; see also 1997 CDFI FUND ANN. REP. 67-72 (listing institutions certified by the Fund as CDFIs). The eligibility requirements are described at 12 C.F.R. § 1805.200 (1998) and 12 C.F.R. §§ 1805.701(b)(1)-(8) (1998). The requirements include:

1. A CDFI shall have the primary mission of promoting community development;
2. A CDFI shall serve an Investment Area or Target Population;
3. A CDFI shall be an entity whose predominant activity is loans or Development Investments;
4. A CDFI maintains accountability to residents in its Investment Area or Target Population;
5. A CDFI shall not be an agency or instrumentality of the government of the US, or any State; and
6. A depository institution or holding company may qualify as a CDFI only if all its affiliates qualify.

depending on the type of CDFI. For instance, a Community Development Corporation might require equity investments, just as any corporation.\textsuperscript{75} Similarly, a Community Development Credit Union might require deposits to bolster its accounts and increase its ability to lend.\textsuperscript{76} The CDFI Fund staff "evaluates each applicant CDFI in a manner similar to a private investor determining the investment-worthiness of an institution, including assessing financial performance, management capacity, and market analysis."\textsuperscript{77}

2. The Leverage Requirement

Banks and thrifts are an integral part of the CDFI Fund program because of the leverage requirement. The CDFI Core program requires recipient CDFIs to leverage nonfederal funds to match the federal awards.\textsuperscript{78} CDFIs bear a minimum requirement of $1 to $1 in federal to nonfederal matching funds.\textsuperscript{79} These funds must be pledged before the Fund will allocate its money to a CDFI. In 1996, thirty-one CDFIs were funded with more than $30 million in matching funds from nonfederal sources.\textsuperscript{80} Over 70% of these institutions received all of their matching money from private sources such as banks, thrifts, and foundations.\textsuperscript{81} Another 19% of these institutions received between 70% and 99% of their matching funds from private sources and only three institutions received less than 70% of money from nonprivate sources.\textsuperscript{82} Thus for every one dollar Congress appropriates through the CDFI Fund, the government gets at least one more dollar in CDFI investment, primarily from private sources. These private sector contributions are an integral part of the CDFI Fund program. Thus, the CDFI Fund is complemented by the BEA program to give banks and thrifts incentives to provide matching funds

\textsuperscript{75} See 1997 CDFI FUND ANN. REP. 23-28.
\textsuperscript{76} See id.
\textsuperscript{78} See 12 C.F.R. § 1805.600 (1998). Nonfederal sources can include any private-sector source, as well as state and local public sources. See id.
\textsuperscript{79} See id.
\textsuperscript{80} See 1997 CDFI FUND ANN. REP. 18.
\textsuperscript{81} See id.
\textsuperscript{82} See id.
that CDFIs need.83

III. THE BANK ENTERPRISE AWARDS PROGRAM

A How Does the BEA Program Work?

The framework of the Bank Enterprise Awards (BEA) program comes from the Bank Enterprise Act of 1991.84 Until the Riegle Act of 1994, however, Congress never funded a program benefiting banks.85 The stated purpose of the BEA program is to "encourage insured depository institutions to increase loans, services, and technical assistance within distressed communities"86 and to make equity investments or engage in CDFI87 support activities."88 Furthermore, BEA recipients receive their monies "after successful completion of the specified activities,"89 thus focusing the program on "performance, not good intentions."90

When applying to the BEA program, a bank or thrift is judged based on investment activity above a baseline of prior activity. If a bank has $50,000 in low interest loans in a qualified "distressed community" in a fiscal year, and it increases that investment to $75,000 the next year, it may then apply for a BEA award based on the $25,000 in increased activity. To calculate the baseline for activity and to decide what counts as increased activity, the Fund applies

84. See Indick & Delaney, supra note 12, at ¶ 7.03[3]. The BEA Program does not fund the Act of 1991. Instead, it borrows provisions of the earlier law to establish the mechanisms for the Fund to operate. See id. The Act of 1991, though never funded, was designed to provide FDIC credits to banks and thrifts that invest in qualified distressed communities. See id. These credits can be used to reduce their FDIC premiums. See id. While proposed in Congress, these provisions failed to survive the Senate Conference Report and were not included in the Riegle Act. See id.
85. It is a misstatement to say that the Riegle Act funds the BEA Act of 1991. In theory, the BEA remains a separate program and could be funded independently. See id.
86. Distressed Communities are defined as such by 12 C.F.R. § 1805.301(d) (1998). These communities have poverty rates of at least 20% and unemployment rates of at least 1.5 times the national average. See 1997 CDFI FUND ANN. REP. 19.
87. CDFIs must be certified CDFIs under the Core Program to qualify. See 12 C.F.R. § 1805.201 (1998).
89. Id.
90. Testimony of Brown, supra note 67, at 55.
specific regulations. Total awards, however, range from 5% to 15% of the dollar value of this increased investment activity. Thus, on a $25,000 increase in investment activity, a bank may receive between $1,250 and $3,750 from the CDFI Fund. Banks are free to use their awards in any way they choose, but many banks pledge to reinvest their award back into the community, thereby further increasing their investment activity. Other banks offset the transaction and overhead costs associated with their community activity.

Additional regulations prohibit banks from getting double funding under the Core program and the BEA program if the bank itself gets certified by the Fund as a CDFI. The process outlined in the regulations, however, describes traditional banks and CDFIs as separate partners. Banks provide investments and support services to match federal funds received by the CDFI. In fact, anecdotal evidence supports the view that CDFIs approach banks and thrifts with proposals for partnership with BEA program awards as incentives for the depository institutions to participate.

B. Who Gets Funded By The BEA Program: Profiles

BEA program recipients from the 1998 awards show a wide range of activities and funding at divergent levels. The BEA

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91. See 12 C.F.R. §§ 1806.201(b)(2)-(4) and 1806.202(a)-(b) (1998). For instance, the BEA program recognizes the full principal amount of renewed loans and full amounts of rolled over deposits but not refinancings in determining the baseline for increased investments. See id.


93. See 12 C.F.R. § 1806.203. If a bank makes its investment in a qualified distressed community, it is eligible for a BEA award at the 5% level. See id. If the investment is in a CDFI, the bank is eligible at the 15% level. See id.

94. This point raises the question, discussed below, about what else banks and thrifts gain from the program, namely, fulfilled CRA obligations. See infra notes 143-66 and accompanying text.

95. See 12 C.F.R. § 1806.102 (1998). Not only conventional banks can benefit from the BEA program. Depository institutions that are themselves CDFIs, such as a microlending fund, may also benefit. As a CDFI, the depository institution can apply for support under either the Core program or the BEA program. But the CDFI is prohibited from funding under both programs within a 12-month period, and it is prohibited from receiving funding for the same activities for which it has already received Fund support. See id. § 1806.102 (a)(2)-(3) (1998).

96. See id. § 1806.102(b) (1998).


98. See infra Appendix, Table One.
program has benefited from increasing appropriations from Congress. Furthermore, the BEA awards have continued to constitute approximately 30% of the total expenditures from the Fund in any fiscal year.99

Table One shows the increase in the number of applicants and the number of awardees between fiscal years 1996 and 1997.100 Preliminary figures show the number of applicants increased in the 1998 round to 104 applications by June 1998, a 29% increase.101 While the number of applicants rose between 1996 and 1997, the amount of money available for the Fund to allocate did not rise as fast. The size of the median award thus fell over the 1996 to 1997 period. Preliminary figures for 1998, however, show 79 institutions dividing $27,976,608 in funds, with an increased median award size of $120,628.102 It remains to be seen if continued appropriation level increases in 1999 will mean a continued increase in the median award size for the year, or whether demand for Fund dollars will continue to increase as well.103 The Fund only recently completed accepting applications for the 1999 round of awards.104

The investments that banks and thrifts make that may qualify the institution for the BEA program include: "purchase of equity in a CDFI; purchase of shares, providing grant funding for particular projects, including projects involving the provision of tax credits; or simply placing equity-equivalent forms of funding in those CDFIs which cannot sell shares, like community development credit unions and most loan funds."105 These investments differ depending on the type of CDFI and the CDFI's needs.106

Profiles show the types of investments that the CDFI Fund recognized in its 1997 round with BEA program awards:

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99. See Indick & Delaney, supra note 12, at ¶ 7.03[3].
100. See infra Appendix, Table One.
101. See Testimony of Rosenthal, supra note 21, at 275.
102. See BEA Profiles, supra note 1.
103. See infra Appendix, Chart One.
105. See Santiago, supra note 11, at 627.
106. See supra notes 11-17 and accompanying text (describing the different forms of CDFIs). It is beyond the scope of this paper to examine the many types of investment banks and thrifts can appropriately make to the various CDFIs.
• NationsBank, NA Award: $1,252,500
NationsBank made numerous equity investments and loans totaling more than $11,850,000 to CDFIs including Enterprise Corporation of the Delta (ECD) in Mississippi, First State Community Loan Fund, Ethiopian Community Development Council, Self-Help Venture Fund and others.
• First Union National Bank Award: $2,154,900
First Union made grants, loans and investments in CDFIs of over $28 million to Community Equity Investments, Inc., Delaware Valley Community Reinvestment Fund, Federation of Appalachian Housing Enterprises, and Richmond Neighborhood Housing Services, among others.
• Wachovia Bank, NA Award: $550,000
Wachovia made a single loan to Self-Help Ventures Fund, a certified CDFI.
• Bank of Yazoo City Award: $3,750
The Bank of Yazoo City, of Yazoo, Mississippi made a $25,000 equity investment in the Enterprise Corporation of the Delta Investments, LLC, a venture fund subsidiary of the Enterprise Corporation of the Delta, a certified CDFI.
• Bank of America Community Development Bank Award:
$1,513,647 Bank of America Community Development Corporation increased its multi-family and commercial real estate lending activities within distressed communities in the state of California.\(^{107}\)

C. Application Process for Banks and Thrifts Under the BEA Program

The application process for assistance from the BEA program follows a unique model that differs from standard government form

\(^{107}\) BEA Profiles, supra note 1.
applications. Applicants fill out a lengthy strategic plan for their request, including:108

- A five-year Business Plan;
- An analysis of the needs of the proposed "investment area," "target population," or CDFI;
- A strategy for meeting those needs;
- A plan to coordinate efforts with existing government and private sector programs; and
- An explanation of how such programs are consistent with existing development plans in the targeted population or investment area.109

Applications become available subject to a Notice of Funds Availability (NOFA) published in the Federal Register.110 The NOFA sets deadlines and includes an updated set of questions for formulating a strategic plan.111

The staff at the Fund applies mandated criteria to the application to determine the funding award. The criteria of the applicant are applied on a competitive basis.112 Factors include:

- Their ability to meet eligibility requirements, expanded economic opportunities, and increase resources through coordination with other institutions;
- The extent the targeted population or investment area is in need of financial assistance or in distress;
- The experience of the management team;
- The extent of support from the investment area;
- The extent to which the CDFI is community-owned or community-governed;113 and
- The geographic diversity of the applicants.114

109. See Indick & Delaney, supra note 12, at ¶ 7.03.; see also Fund Application, supra note 104 (describing the application process).
111. See Fund Application, supra note 104.
113. Id. § 1805.802 (1998).
114. Id. § 1805.801; see also Indick & Delaney, supra note 12, at ¶ 7.03 (describing
When institutions are accepted to participate in the BEA program, they enter into a unique assistance agreement with the Fund. This agreement aligns the performance goals of the bank or thrift as stated in the business plan, recipient CDFIs and the CDFI Fund. Banks and thrifts have complained that this process is burdensome because of its unconventional format.

IV. USING THE BEA PROGRAM TO MEET CRA REQUIREMENTS

A. History of the CRA

The Community Reinvestment Act (CRA) of 1977 imposes obligations on banks to “lend and invest a portion of their assets in the communities from which they solicit deposits.” The original law set the goals of increased investment in low-income communities, but it remained vague as to how to achieve these goals. Responsibility for clarifying the means banks use to satisfy their CRA obligation has been addressed through the criteria applied to depository institutions).

117. See Testimony of Rosenthal, supra note 21, at 1105. Recently passed legislation promises to streamline this process for banks and thrifts. See id. It remains to be seen what effect this change will have in practice.
119. Santiago, supra note 11, at 573; see also S. REP. No. 169, at 12 (1994), reprinted in 1993 U.S.C.C.A.N. 1881-1896 (“Community groups estimate that banks have committed about $35 billion since 1977 in lending and equity investment in traditionally underserved communities as a result of CRA agreements reached with community groups as well as unilateral action”).
120. See Spencer, supra note 26, at 169. “Redlining” and “disinvestment” are two conditions that afflict a community that the CRA is designed to address. See Runck, supra note 3, at 527-30 (arguing the CRA only helps reverse the effects of irrational redlining, i.e., racial discrimination). It is beyond the scope of this paper to analyze the effects the CRA has had on reversing these conditions, or why these conditions occur. See id. See generally Eight City Profile, supra note 26; Santiago, supra note 11.
been left to regulatory agencies. Consequently, the "CRA has resulted in fierce competition among different interests seeking to provide the 'correct' interpretation of the law" and the issue has been resolved "before the regulators, legislatures and in the court of public opinion [rather than in courts of law]." The primary way regulators have enforced the CRA against banks is by withholding permission for banks to merge or add branches.

The banking industry has raised significant objections to the CRA. The industry has argued that the CRA requires banks to sacrifice profits by forcing banks to make loans and investments in low-income communities on terms not supported by their assessment of the market. Higher risk in the loan portfolio and the extensive reporting requirements necessary for the enforcement of the CRA have raised costs for banks. A study by Professors Jonathan Macey and Geoffrey Miller points out that "bankers today regard the CRA as the single most costly regulation facing them, a statement that carries weight in light of the manifold, complex, and arcane regulations governing depository institutions today." The weight of this regulatory burden places the industry at a competitive disadvantage to other financial industries "such as mutual funds, insurance companies, mortgage banks and consumer finance firms." Finally, the ambiguous character of the CRA rating system has led some commentators to conclude that regulators can assign an arbitrary rating, often merely responding to the wishes of community activist groups that might have other motives.


123. Santiago, supra note 11, at 573.; see also Spencer, supra note 26, at 169 (analyzing community groups' failure to win standing under the Bank Holding Company Act to challenge a Federal Reserve Board decision to allow a bank merger in Lee v. Board of Govs. of the Fed. Reserve Sys., 118 F.3d 905 (2d Cir. 1997)).

124. Lash, supra note 36, at 391.

125. See Runck, supra note 3, at 527.

126. Id. at 528 (quoting Ronald Grzywinsky, The New Old-Fashioned Banking, HARV. BUS. REV., May-June 1991, at 93).

127. Id.

have not gone unnoticed by policy makers. Conflict between banks and community groups about the goals of the CRA and its requirements for banks to comply prompted President Clinton in 1993 to direct federal regulatory agencies to “establish a new compliance framework” which would stimulate “the creation of productive partnerships” between community activist groups and banks. The result was a new series of regulations that, because of their complexity and because of the extent of their changes, were phased in between January 1, 1996 and July 1, 1997. These new regulations encourage banks to meet their CRA obligations by investing in and supporting CDFIs.

B. New Regulations

Several of the characteristics of the new regulations are significant. The new CRA regulatory scheme replaces the long-criticized twelve-factor analysis. Instead, it gives banks and thrifts the option of choosing a three-part lending, investment and

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129. Santiago, supra note 11, at 575.

130. See id.

131. See supra notes 84-117 and accompanying text. These investments also make banks eligible for awards under the BEA program. See id.

132. See Warren W. Traiger, Where Art Thou, Twelve Assessment Factors?: Not Too Far Away, After All, in ABA BANK COMPLIANCE (Summer 1996); see also Santiago, supra note 11, at 610.

These factors largely emphasized direct lending, spelling out for a bank the kinds of activities and documentation which were necessary for a high rating. The new rules replaced the old assessment factors with new language that stresses flexibility for banks in CRA compliance and emphasizes activities which the bank has actually performed that benefit the community.

Id.

133. See Santiago, supra note 11, at 619-26 (citing 12 C.F.R. 228.22 (1997)). Under the lending part of the test, banks are required to meet the credit needs of their community with direct mortgage, small business, and small farm lending and community development activities including indirect lending. See id. This test is combined with the other two tests in the three-part test to derive a total CRA compliance score. See id. The quantitative score is weighted by the performance of the reinvestment activity in the community. See id. Thus, banks could not make ineffectual loans and still comply. See id.

134. See id. at 626-29 (citing 12 C.F.R. § 228.23 (1997)). Under the investment part of the test, banks are required to make qualified investments in the form of deposits, shares, or grants with the principle purpose of meeting community development needs. See id.
service test or developing a custom "strategic plan" compliance test. Also, the new scheme is conducted "in a 'performance context,' where [regulators] take into account the special characteristics and demographics of the bank’s local service community..." and look to outcomes in the community rather than activities within the bank. The scoring mechanism has remained unchanged. Banks receive a score that rates their CRA compliance either "outstanding," "satisfactory," "needs to improve," or "substantial noncompliance."

C. Analysis

The new CRA regulations encourage banks and thrifts to comply with their reinvestment obligations by investing in and serving CDFIs. The new regulations introduce references to "third party intermediaries" and "organizations with which a bank can partner to fulfill its CRA requirements." This reference marks a shift from direct investment activity on the part of banks and invites the use of CDFIs as intermediaries. Also, the regulations include in their definition section a heavy emphasis on "community development" and define it in a way that encourages indirect investment through

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135. See id. at 629-33 (citing 12 C.F.R. § 228.24 (1997)). The service part of the test requires banks to show presence in their community with automatic teller machines, point-of-access branches, and other needed services. Arguably, this test encourages banks to partner with CDFIs by referrals, on sight ATMs and other business and human resources. See id.

136. Id. at 639-44 (citing 12 C.F.R. § 228.27 (1997)). Very few banks have embarked on the path of developing a strategic plan test. See id. This test would allow banks to custom design the criteria by which their reinvestment activity should be judged by regulators. See id.

137. See id. at 610 (citing Warren W. Traiger, Where Art Thou, Twelve Assessment Factors?: Not Too Far Away, After All, in ABA BANK COMPLIANCE (Summer 1996)). The 12 factors can still be found in the new regulatory scheme. See Santiago, supra note 11, at 610. Also, there are additional CRA tests under the new regulatory framework for Small Banks and Wholesale and Limited Purpose Banks. See 12 C.F.R. § 228.12 (1997); see also 12 C.F.R. § 228.25 (1997).

138. Santiago, supra note 11, at 610.

139. See id. at 591.


141. See Santiago, supra note 11, at 571.

142. Id. at 611.

143. 12 C.F.R. § 228.12(h) (1997).
CDFIs. The regulations require that all investments and services performed through a third party intermediary be classified as “community development.” Furthermore, the definition section of the new regulations emphasizes compliance by defining a “qualified investment” as: “investments, grants, deposits or shares in or to financial intermediaries (including but not limited to CDFIs...) that primarily lend or facilitate lending... in order to promote community development.” In other words, qualified investments refer to investments in a community-based organization dealing in financing, which is precisely the definition of a CDFI.

The new CRA regulations complement the mission of the CDFI Fund and the BEA program. If the old regulations encouraged direct community lending activities, the new regulations clearly encourage compliance through indirect activity. While the BEA program provides monetary benefits for bank investments in CDFIs, the new CRA regulations invite banks to pursue the same path by partnering with CDFI intermediaries.

Policy makers now encourage depository institutions to pursue partnerships with CDFIs as a way to meet CRA obligations and offer BEA program awards as incentives. In November 1998, a Department of Treasury representative was quoted in The American Banker advertising the BEA program as a “no-strings financial incentive for boosting CRA lending.” In the early years of the Clinton administration, however, this incentive was in doubt. At that time, Housing and Urban Development Secretary, Henry Cisneros, opposed allowing BEA program awards to aid in CRA compliance, thereby letting depository institutions “off the hook” of

144. See Santiago, supra note 11, at 613 (noting “[t]here are CDFIs and other forms of community-based groups which already provide these non-economic development or housing forms of services...”)
146. Id. § 228.12(s) (1997).
147. Santiago, supra note 11, at 611 (quoting 60 Fed. Reg. 22,162 n.3 (1995)).
148. See supra note 132 and accompanying text.
149. See supra notes 134-48 and accompanying text.
their CRA obligations.\textsuperscript{152} Now, however, under the new regulatory framework of the CRA and in light of the advertisement by the Department of Treasury,\textsuperscript{153} there remains little doubt that banks can receive BEA program awards and get credit toward their CRA obligations at the same time.

There are new costs associated with using CDFIs as intermediaries in community reinvestment activity,\textsuperscript{154} and the characterization of BEA program awards as "no-strings financial incentives"\textsuperscript{155} does not accurately describe the program. While priority at the CDFI Fund may be given to banks and thrifts that invest in CDFIs, banks and thrifts may find high regulatory, reporting and application burdens from the program that stem from the assistance agreement and the business plan application process.\textsuperscript{156} This paperwork is different than standard government forms and requires extensive reflection on a bank's activity and purposes in community development.\textsuperscript{157} The costs of this analysis must be judged against any benefits the bank would receive from CRA compliance or BEA program money.

Depository institutions could suffer at the mercy of CDFIs in meeting their CRA goals. Investing in a CDFI or in a qualified distressed community may not ensure an "outstanding" performance rating under the CRA.\textsuperscript{158} The regulations may require more of banks and thrifts. It is possible that investing in a CDFI that "fails to meet its performance goals... could have negative implications on the [bank's] CRA rating, especially if the [bank] does not otherwise meet its CRA objectives."\textsuperscript{159} But there is no evidence to suggest banks incur this cost. In fact, one bank interviewed by the General Accounting Office (GAO) received BEA program money for investment in a CDFI that was dissolved.\textsuperscript{160} When contacted by the

\textsuperscript{152} Id. (citing Clinton, Cisneros Stress Importance of CDGB Role in Economic Stimulus, 20 Hous. & Dev. Rep., 874, 875 (1993)).
\textsuperscript{153} See Whiteman, supra note 150, at 6.
\textsuperscript{154} See Indick & Delaney, supra note 12, at ¶ 7.04[4].
\textsuperscript{155} See Whiteman, supra note 150, at 6.
\textsuperscript{156} See Indick & Delaney, supra note 12, at ¶ 7.04[4].
\textsuperscript{157} See id.
\textsuperscript{158} See id.
\textsuperscript{159} Id.
\textsuperscript{160} See Testimony of England-Joseph, supra note 54, at 250.
CDFI Fund, the bank amended its assistance agreement and moved its investment to another CDFI.\textsuperscript{161} While there is no indication that the bank's CRA rating suffered as the result of the CDFI failure, the case does illustrate a pitfall banks may face when using intermediaries to fulfill their reinvestment obligations.\textsuperscript{162}

The exact impact that BEA program awards have had on bank investment activity remains unclear. When the GAO interviewed other banks that received awards, it found it "difficult to isolate the impact of the BEA award from the effects of other incentives,"\textsuperscript{163} including, regulatory compliance with the CRA, community relations incentives and the drive to increase market share in areas targeted by the BEA program.\textsuperscript{164} Because the BEA program is new, data remains limited regarding the full costs and benefits of bank investment in CDFIs.\textsuperscript{165}

V. CONCLUSION: THE BEA PROGRAM REWARDS CRA ACTIVITY

The new CRA regulations arguably encourage banks to fulfill part of their reinvestment obligations through investments in and service to CDFIs.\textsuperscript{166} Banks can apply for BEA program awards for investments they make in CDFIs.\textsuperscript{167} As the amount of money available from the CDFI Fund increases in 1999 and perhaps in future budget years, banks have a heightened interest in applying for BEA program awards for their community development and reinvestment activities.\textsuperscript{168} Furthermore, as the number and types of CDFIs grow in

\begin{itemize}
  \item \textsuperscript{161} See id.
  \item \textsuperscript{162} See id.
  \item \textsuperscript{163} Id.
  \item \textsuperscript{164} See id.
  \item \textsuperscript{165} See id.
  \item \textsuperscript{166} See supra notes 141-50 and accompanying text. This thesis is not fully reflected in banking activity. A letter from the New York Bankers Association asserts "banks are strongly encouraged to fulfill their CRA obligations through direct loans, investments and services in their local areas [rather than through CDFIs]." Santiago, supra note 11, at 556 (quoting letter from New York State Banking Department to Senator Santiago)(January 27, 1998). This raises an important point. If direct loans, investments, and services are targeted to qualified distressed communities, the banks can still apply for awards under the BEA program of the CDFI Fund, even if the activity is not directed to a CDFI.
  \item \textsuperscript{167} See supra notes 84-117 and accompanying text.
  \item \textsuperscript{168} See supra notes 59-61, 66-71 and accompanying text.
\end{itemize}
low-income markets, banks will have a greater choice of partners. As the CDFI Fund continues with future rounds of awards and begins to get greater feedback from banks, the true costs and benefits of the program will become apparent. As long as policy makers advertise the BEA program awards as incentives to increase CRA lending, it seems safe to conclude that depository institutions can receive award money and get CRA credit as well. At least, the award from the BEA program of 5% to 15% of increased investment activity should cover the transaction and overhead costs associated with participating in the program. For now, banks and thrifts have an interest in using the resources of the BEA program to help meet their CRA obligations.

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169. See supra notes 21-36 and accompanying text.
170. See supra notes 154-65 and accompanying text.
171. See supra notes 150-53 and accompanying text.
172. See supra notes 154-62 and accompanying text.
173. See Indick & Delaney, supra note 12, at ¶ 7.04[4].
APPENDIX

Chart One:
CDFI Fund Appropriation Levels from Congress by Budget Year\textsuperscript{174}

\begin{center}
\begin{tikzpicture}
\begin{axis}[
    ybar, 
    bar width=10pt, 
    ymin=0, 
    ymax=150, 
    ylabel={Million of Dollars}, 
    xtick=data, 
]
\addplot coordinates {
    (1995, 50) 
    (1996, 45) 
    (1997, 50) 
    (1998, 80) 
    (1999, 125) 
};
\end{axis}
\end{tikzpicture}
\end{center}

Chart Two:
Funding Levels for Core and BEA Programs 1996 and 1997\textsuperscript{175}

\begin{center}
\begin{tikzpicture}
\begin{axis}[
    ybar, 
    bar width=10pt, 
    ymin=0, 
    ymax=150, 
    ylabel={Million of Dollars}, 
    symbolic x coords={1996, 1997}, 
    xtick=data, 
]
\addplot coordinates {
    (1996, 37.2) 
    (1997, 38.3) 
};
\addplot coordinates {
    (1996, 13.1) 
    (1997, 16.5) 
};
\end{axis}
\end{tikzpicture}
\end{center}

\textsuperscript{174} 1997 CDFI FUND ANN. REP. 14
\textsuperscript{175} Id. at 21.
Table One:
BEA Program Profiles 1996 and 1997¹⁷⁶

<table>
<thead>
<tr>
<th>BEA Program</th>
<th>FY 1996</th>
<th>FY 1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Applicants</td>
<td>54</td>
<td>74</td>
</tr>
<tr>
<td>Total Number of Awardees</td>
<td>38</td>
<td>54</td>
</tr>
<tr>
<td>Total Award</td>
<td>$13,138,703</td>
<td>$16,503,919</td>
</tr>
<tr>
<td>Disbursed as of 9/30/97</td>
<td>78% $10,274,680</td>
<td>$N/A</td>
</tr>
<tr>
<td>Highest Award</td>
<td>$2,699,625</td>
<td>$2,517,024</td>
</tr>
<tr>
<td>Lowest Award</td>
<td>$3,750</td>
<td>$1,100</td>
</tr>
<tr>
<td>Average Award</td>
<td>$345,755</td>
<td>$305,628</td>
</tr>
<tr>
<td>Median Award</td>
<td>$98,685</td>
<td>$72,875</td>
</tr>
</tbody>
</table>

¹⁷⁶. Id.