BANK ENTERPRISE AWARDS

FIL-98-2003
December 22, 2003

TO: CHIEF EXECUTIVE OFFICER
(also of interest to the Community Reinvestment Act Officer)

SUBJECT: Bank Enterprise Awards Application Period for 2003
Qualified Activities Closes February 25, 2004

Summary: *The Community Development Financial Institutions (CDFI) Fund will award $8 million in financial incentives in 2004 through its Bank Enterprise Award Program to certain eligible FDIC-insured institutions that apply for consideration. The program will consider qualified activities that occurred in 2003. Applications must be received by February 25, 2004. The CDFI Fund program encourages eligible FDIC-insured financial institutions to increase levels of lending, investment, services and technical assistance to distressed communities and community development financial institutions.*

The Community Development Financial Institutions (CDFI) Fund will award approximately $8 million in financial incentives in 2004 through its Bank Enterprise Award (BEA) Program to eligible FDIC-insured institutions that comply with the program's requirements and submit an application for consideration for qualified activities that occurred in 2003. The CDFI Fund is a program administered by the Department of the Treasury that was created by Congress to expand the availability of credit, investment capital and financial services in distressed urban and rural communities. Applications for the Bank Enterprise Awards will be accepted through February 25, 2004. More information about the BEA Program and the application process can be found on the CDFI Fund Web site at www.CDFIFund.gov.

Since the revisions to the Community Reinvestment Act (CRA) regulations in 1995, the federal banking agencies have promoted loans, investments, and financial services and technical assistance to distressed communities and to certified Community Development Financial Institutions by recognizing these activities as having a community development purpose and giving them positive consideration during CRA evaluations. CDFIs are institutions that are certified by the CDFI Fund and may include community development banks, credit unions, loan funds, venture capital funds and microenterprise loan funds, among others.

In addition to CRA consideration as community development activities, investments in and loans to a CDFI may make an FDIC-insured institution eligible for monetary incentives under the BEA Program. The program complements the community development activities of traditional banks and thrifts by providing financial incentives to expand investments in CDFIs and to increase lending, investment and services activities within economically distressed communities. The BEA Program provides awards to eligible institutions based on a prioritized ranking of the type of investment or activity, with equity investments and deposits receiving primary consideration. Awards are provided on an annual basis, and eligible institutions must comply with the requirements of the program and submit an application for consideration. Every eligible institution is not guaranteed an award.

For more information about whether a CDFI-related activity qualifies for CRA consideration, consult the CRA regulation and the Federal Financial Institutions Examination Council's CRA Questions and Answers located on the FDIC's Web site at www.fdic.gov/regulations/community/community/index.html You may also contact your FDIC Community Affairs Officer on the attached list (which can also be found at www.fdic.gov/consumers/community/offices.html).

Michael J. Zamorski
Director

Attachment: Community Affairs Program - Regional and Area Offices

Distribution: FDIC-Insured Institutions

NOTE: Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, NW, Room 100, Washington, DC 20434 (1-877-275-3342 or (703) 562-2200).