



June 18, 2018

The Honorable Mitch McConnell  
Senate Majority Leader  
S-230 The Capitol  
Washington, DC 20515

The Honorable Charles E. Schumer  
Senate Minority Leader  
S-221 The Capitol  
Washington, DC 20515

The Honorable Richard Shelby  
Chairman, Senate Appropriations  
Committee  
304 Russell Senate Office Building  
Washington, DC 20510

The Honorable Patrick Leahy  
Ranking Member, Senate Appropriations  
Committee  
437 Russell Senate Office Building  
Washington, DC 20510

Dear Leader McConnell, Leader Schumer, Chairman Shelby, and Ranking Member Leahy:

On behalf of the undersigned banking trade associations, we write to again strongly urge the Senate to reject the Administration's \$14.7 billion Rescission Package that would claw back \$23 million in FY 2017 funding previously appropriated for the U.S. Department of the Treasury's Bank Enterprise Award (BEA) Program and \$141 million in 2018 funding for Capital Magnet Fund (CMF).

Collectively our organizations represent thousands of FDIC-insured depository institutions across the United States. Since 1996, hundreds of banks have participated in the programs of the CDFI Fund. The programs of the CDFI Fund have a documented record of creating impact and have become invaluable in helping banks find ways to serve credit markets and communities that otherwise might not be served. It is one of the Federal Government's best market-based strategies for leveraging and channeling needed resources to our most distressed communities.

The CDFI Fund programs have earned widespread bipartisan support over many years as they have been successful in spurring economic activity in disinvested inner cities and distressed remote rural communities. The Administration has characterized the items in the Rescission Package as unspent money that was unused and not needed; and thus no harm would be done by clawing back the money. This is not accurate.

The Rescission package has halted the *current* BEA Program funding round that was imminently expected to announce \$23 million in awards. The banks fulfilled all the BEA Program requirements, prepared and submitted applications; and the CDFI Fund competitively evaluated the applications, and was ready to make the awards when the Rescission Package was announced.

The BEA Program enables small banks in distressed communities to finance small business, affordable housing, neighborhood revitalization, and responsible consumer financial services. Without these resources, banks will not be able to reach as deep to serve high poverty communities. Over the past five years, 93 percent of award dollars went to community banks with less than \$1 billion in total assets. Pulling the rug out from under these institutions that serve our nation's most distressed communities is not only unfair, it will cost our communities more in other forms of federal assistance in the long run.

The CMF is also a powerful tool that community bankers are using to finance affordable housing in low-income communities. Funding for CMF comes from allocations made by the Government-Sponsored Enterprises, Fannie Mae and Freddie Mac. While this program is not even funded through the appropriations process, the Rescission Package will nevertheless claw back the 2018 funding round – \$141 million in investment in new affordable housing, and the powerful potential to leverage more than \$1.41 billion in private investment. This is simply not idle money that was previously appropriated and never used and should not be framed as such.

**In the interests of promoting job creation and economic vitality in neglected rural and urban communities and financing affordable housing for low-income families, we urge you to reject the Administration's Rescission Package should it come up for a vote in the Senate this week.**

Sincerely,

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