

March 17, 2010

Ms. Donna Gambrell
Director
Community Development Financial Institutions Fund
U.S. Department of the Treasury
601 – 13th Street NW, Suite 200 South
Washington DC 20005

Re: Notice of Request for Comments (FR Doc. 2010-1635)

Dear Director Gambrell:

On behalf of the Community Development Bankers Association (CDBA) and our communities, we write to comment on the CDFI Fund's Notice of Request for Comment on the Bank Enterprise Post-Award Reporting Form published in the Federal Register on January 27, 2010. It is our understanding that the form: (1) will be applicable to all Bank Enterprise Award (BEA) grant recipients receiving awards over \$50,000; (2) submitted one year after receipt of an award; and (3) will be used to report activities carried out using the Federal grants that are consistent with the BEA Program's Qualified Activities.

Importance of the BEA Program to CDFI Banks

In the fifteen years since the Community Development Financial Institutions (CDFI) Fund began administering the BEA, the program has provided a foundation for the growth of the CDFI bank sector of the CDFI industry. Since the first round of BEA grants in 1996, our sector has grown from a handful of institutions to 64 CDFI certified banks and thrifts today. The Social Investment Forum reports that the sector grew from \$2.9 billion in total assets in 1995 to \$25 billion in 2007 (most recent study available). Today, the CDB sector represents the majority of total assets under management for the entire CDFI industry despite constituting less than 10% of the total number of CDFIs. Consequently, CDFI banks generate the largest volume of community lending transactions and social impact. This growth would not have been possible without the BEA Program.

In July 2008, CDBA submitted formal comments on the proposed rule changes that the Bank Enterprise Post-Award Reporting Form is intended to implement. Today, as then, the members of CDBA wish to express their grave concern for the proposed limitations on use of post BEA award proceeds and additional post-award reporting requirements. We believe the proposed changes will:

- * Discourage participation in the program by CDFI certified banks and thrifts by increasing paperwork and administrative burdens;

- * Discourage traditional banks and thrifts from supporting CDFIs;
- * Diminish the value for mission focused banks and thrifts to seek CDFI certification; and
- * Deter new institutions from becoming CDFIs.

Previously we have expressed our preference that the CDFI Fund refrain from adopting post-award use of grant dollars because awardees are already required to engage in and report successful implementation of Qualified Activities prior to receiving an award. We believe the current structure of the program has been highly effective in helping CDFI certified banks and thrifts carry out their missions. While we disagree with the changes, we understand that the CDFI Fund is implementing them in response to a desire by Office of Budget and Management (OMB) program staff to convert the program from its statutory mandated retrospective structure to a traditional prospective grant structure. Based on our own observations, we believe the CDFI Fund staff has worked diligently to address issues by OMB while minimizing burdens on awardees. Hence, we are disappointed that, despite these efforts, OMB staff did not recommend funding for BEA Program in FY 2011.

With regard to the paperwork burden associated with the Post-Award Reporting Form, we are pleased that the CDFI Fund accepted many of CDBA's recommendations regarding minimizing reporting burden and mandates on post-award use of funds. While the Post-Award Reporting Form adds to the heavy regulatory reporting burdens already borne by small banks, we believe the CDFI Fund has exhibited prudence in keeping the reporting limited to only items absolutely necessary to ascertain compliance with the new requirements for post-award use of funds.

As you are well aware, the BEA Program is critically important to the members of CDBA and our participation in CDFI Fund's initiatives. We sincerely appreciate the opportunity to comment on the BEA Program. As always, we look forward to working with you to maximize the effectiveness of all of the CDFI Fund's programs.

If you have any questions, please feel free to contact me at (816) 483-1210 or Jeannine Jacokes, Chief Executive and Senior Policy Advisor to CDBA, at (202) 689-8935 ext 22.

Sincerely,



William Dana
Board Chairman
Community Development Bankers Association