

From: Robert James II [<mailto:RJJamesii@carverstatebank.com>]
Sent: Monday, February 02, 2015 3:00 PM
To: Ibanez, Robert; Sowell, Mia
Cc: Robert James
Subject: [EXTERNAL]Proposed Changes to 2014 BEA Application

Mr. Ibanez & Ms. Sowell,

I am writing on behalf of Carver State Bank, a CDFI bank located in Savannah, Georgia, to express our deep concerns over the proposed changes to the 2015 BEA application. Our particular concerns surround proposed changes in reporting of Baseline Period Amounts and Assessment Period Amounts. While we have been in communication with the CDBA, which has drafted a letter expressing programmatic concerns in detail, due to the severity of the implications, we wanted to send you an email to summarize the potential impact that this proposed change would have on our bank. With our FY2014 BEA Application, we created our baseline and assessment period Distressed Communities without knowing there would be implications beyond last year's application. Restricting our application to certain geographic parameters would result in the following outcomes:

-INEQUITY IN THE APPLICANT POOL: New applicants, or those who did not apply last year, will have a significant advantage with the 2015 application, since they will have a clean slate in terms of distressed community designation. This creates significant inequity in the applicant pool.

-DISINCENTIVE TO LEND IN NEW DISTRESSED COMMUNITIES: We use the BEA program as part of our ongoing management and planning. The BEA program provides us with incentives to seek out opportunities in new and underserved areas as the subsidy helps mitigate the risk of closing more difficult deals. Restricting FY2015 applications to the FY2014 Distressed Communities reported does not allow banks to account for lending in new Distressed Communities in 2014. Limiting our lending activity to the boundaries that were sent without knowledge of any programmatic changes serves as a disincentive to increasing lending in new underserved areas. This outcome is at odds with the core purpose of the BEA program.

As you know, the BEA program is one of the few tools available to CDFI banks to help mitigate the high cost of mission based lending. The proposed changes to the 2014 BEA application would have a measurable negative impact on our already challenging lending function.

Thank you,

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