July 10, 2026

Andrew Reisig and Joel Savary
Office of Federal Financial Management
Office of Management and Budget
725 17th Street NW
Washington, DC 20503

Re: Regulation for Federal Financial Assistance, 91 Fed. Reg. 32198 (May 29, 2026); Docket No. OMB-2026-0034, RIN 1505-AC92

Mr. Reisig and Mr. Savary:

The Independent Community Bankers of America (ICBA) appreciates the opportunity to comment on the Office of Management and Budget's (OMB) proposed revisions to the Guidance for Federal Financial Assistance. ICBA represents nearly 5,000 community banks of all charter types across the United States, including a substantial number of banks certified as Community Development Financial Institutions (CDFIs) that rely on grants, technical assistance, and other financial assistance awards administered by the Treasury Department's CDFI Fund.

ICBA supports the proposed rule's stated objectives of improving transparency and accountability in the use of federal financial assistance dollars. However, we are concerned that several of the proposed changes to the government-wide CFR framework, as they would apply to the CDFI Fund's grant and award programs, risk contravening the intent of Congress in establishing the CDFI Fund and could inhibit the ability of community bank CDFIs to deliver economic impact in the communities they serve.

General Comments

Congress created the CDFI Fund through the Community Development Banking and Financial Institutions Act of 1994 with the explicit purpose of expanding the availability of credit, investment, and financial services in distressed communities by, among other things, providing streamlined and flexible financial assistance to a broad range of mission-driven lenders. Congress recognized that community bank CDFIs, which are already subject to extensive prudential supervision, do not require the same degree of incremental grant-specific oversight that may be warranted for other categories of recipients.

As of February 2025, nearly 200 banks are certified as CDFIs, operating in rural, urban, and suburban communities in nearly every state. From financing farm equipment and operating loans in agricultural states to backing small business expansion in small towns and communities, CDFI banks translate federal support into real, on-the-ground lending. This is proof that community-focused CDFI banks reach every corner of the nation, not just its biggest cities.

ICBA is concerned that several of the proposed changes described below would (1) depart from this congressionally intended framework, (2) increase compliance burden disproportionately on smaller community bank CDFIs, and (3) ultimately discourage participation by the very institutions Congress sought to support.

1. Congressionally-Mandated Fixed Awards

The CDFI Fund's award structures, including its historical use of fixed-amount and formula-based grants for programs like the Financial Assistance (FA) award and the Bank Enterprise Award (BEA) Program, reflect statutory design choice and have allowed community bank CDFIs to participate meaningfully in the program. However, OMB proposes to eliminate the use of fixed-amount awards and subawards, citing concerns about the lack of routine cost monitoring under this award type.

ICBA is concerned that a blanket elimination of fixed-amount awards, without a tailored exception for CDFI Fund programs, would remove a tool the CDFI Fund has used to reduce administrative burden for smaller, well-regulated recipients such as community bank CDFIs.

Because community bank CDFI recipients are already subject to rigorous prudential examination and Call Report financial reporting requirements, the incremental oversight value of full cost-reimbursement monitoring is limited, while the added burden of transitioning smaller institutions to cost-reimbursement administration would be significant. ICBA recommends that OMB, in coordination with Treasury and the CDFI Fund, retain the option for fixed-amount awards for insured depository institution recipients subject to prudential supervision.

2. Increased Compliance Burden

Risk Review and Specific Award Conditions

ICBA is concerned that expanded pre-award risk review requirements and broadened authority to impose specific conditions could be applied unevenly across CDFI Fund applicants, disadvantaging smaller community bank CDFIs that may appear “higher risk” under generic and non-tailored metrics. ICBA recommends that any risk review framework applicable to CDFI Fund awards give appropriate weight to an applicant's status as an insured depository institution in good standing with its primary regulator.

Federal Payment and Pre-Payment Due Diligence

The proposal would impose additional justification and due-diligence requirements before Federal payments are issued. For CDFI Fund award recipients that draw down funds on a defined disbursement schedule tied to community development activities already underway, added pre-payment review steps could delay the flow of capital to borrowers and communities that depend on timely CDFI Fund support. ICBA encourages OMB to ensure that any new pre-payment procedures include reasonable timeframes so as not to disrupt the delivery of time-sensitive community development financing.

Termination and Suspension

OMB proposes to further clarify agencies' discretionary authority to terminate awards for convenience when an award is determined to no longer align with agency priorities. Community bank CDFIs structure multi-year community development lending programs, staffing, and capital commitments in reliance on the expectation that CDFI Fund awards, once made, will be administered consistently with their terms.

Broadened discretionary termination authority, particularly if exercised based on shifting programmatic and political priorities, rather than recipient performance or compliance, would introduce a degree of uncertainty that could discourage community banks from applying for CDFI Fund awards.

ICBA urges OMB to limit discretionary termination of CDFI Fund awards to circumstances involving demonstrated noncompliance, fraud, or failure to perform, consistent with the CDFI Fund's statutory purpose of encouraging durable, long-term investment in distressed communities.

3. Discouragement from Participation
Because many of the specific changes discussed above would increase burden on CDFI Fund recipients, ICBA is concerned these changes could discourage community banks from seeking CDFI certification or applying for CDFI Fund awards altogether, undermining Congress's intent in establishing the CDFI Fund to broaden, not narrow, the range of institutions delivering capital to underserved communities.

This outcome would be particularly acute for smaller community bank CDFIs, which typically operate with limited dedicated grants-compliance staff compared to larger nonprofit CDFI intermediaries.

Conclusion

ICBA appreciates OMB's efforts to improve transparency and accountability in federal grantmaking and shares the goal of ensuring taxpayer dollars are used effectively. We urge OMB and Treasury to consider the recommendations above and to engage with ICBA and community bank CDFIs as this rulemaking proceeds. Thank you for the opportunity to comment. If you have any questions regarding these comments, please do not hesitate to contact the undersigned.

Sincerely,

Michael Emancipator
Senior Vice President & Regulatory Counsel
Independent Community Bankers of America