



DEPARTMENT OF THE TREASURY  
COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND  
601 THIRTEENTH STREET, NW, SUITE 200 SOUTH  
WASHINGTON, DC 20005

# **FY 2011 CDFI Program**

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## **Guide to the Combined Application for Financial Assistance or Technical Assistance**

OMB No. 1559-0021

CDFI-0001

#### Paperwork Reduction Act Notice

This submission requirements package is provided to Applicants for awards under the CDFI Program. The Estimated average burden associated with this collection of information is 50 hours per respondent, depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Department of the Treasury, Community Development Financial Institutions Fund, 601 Thirteenth Street, N.W., Suite 200-South, Washington, DC 20005.

All materials are available on the CDFI Fund Website: [www.cdfifund.gov](http://www.cdfifund.gov).

Catalog of Federal Domestic Assistance Number: 21.020

# FY 2011 CDFI PROGRAM

## GUIDE TO THE COMBINED APPLICATION FOR FA OR TA

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# INTRODUCTION

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**NOTE:** Capitalized terms (other than titles) are defined in the Notice of Funds Availability (NOFA) for the FY 2011 funding round, the CDFI Program Regulations, and the CDFI Fund Program Glossary. You may download these documents from the CDFI Fund's website at [www.cdfifund.gov](http://www.cdfifund.gov). Please be aware that certain terms used throughout the CDFI Program Application have meanings unique to the CDFI Program, so be sure to consult the NOFA, regulations, and glossary so you will be familiar with these meanings..

## Fiscal Year 2011 CDFI Program

The Community Development Financial Institutions Fund (CDFI Fund) was established in 1994 to expand the capacity of financial institutions to serve populations and communities lacking adequate access to Financial Products and Financial Services. One of the primary ways that the CDFI Fund works to achieve that goal is by providing Financial Assistance (FA) and Technical Assistance (TA) to Community Development Financial Institutions (CDFIs) through its CDFI Program.

This guide is intended to help you apply for an award through the Fiscal Year 2011 CDFI Program using the Combined Application for Financial Assistance and Technical Assistance. Your Comprehensive Business Plan (CBP) is the key component that you will use when applying for an FA or a TA award. Please see the NOFA for all deadlines for submitting application information. Applications submitted late will not be considered for funding. We encourage you to submit your application well ahead of the deadline.

## Types of Awards

The CDFI Fund will provide three types of awards through the Fiscal Year 2011 CDFI Program:

- **Financial Assistance (FA):** Only certified CDFIs may receive an FA award. The CDFI Fund provides FA in the form of grants, loans, equity investments (including, in the case of Insured Credit Unions, Secondary Capital accounts), deposits, and Insured Credit Union Shares. The amount of FA you can request is determined by your FA Applicant category, which is determined primarily by the asset size and age of your organization. (Please see the NOFA for a description of each FA Applicant category.) The reporting period for an FA award is approximately three years as specified in each Awardee's Assistance Agreement.
- **Technical Assistance (TA):** Non-certified CDFIs may apply for TA. Certified CDFIs may apply either for FA or for TA, but not for both. You may request TA funds to build your organization's capacity, or, if your organization has not yet been certified as a CDFI, to help it become certified. TA awards are grant funds and do not require matching funds. You may use a TA grant for operating expenses such as personnel salaries and fringe benefits, training, travel, professional services, material and

supplies, equipment, and other costs. You can find a detailed description of the TA Applicant categories and related application requirements can be found in Part I of this application under “Technical Assistance Proposal.” The reporting period for a TA award is approximately two years, as specified in each Awardee’s Assistance Agreement.

- **Healthy Food Financing Initiative (FA-HFFI):** HFFI awards are made to CDFIs to address the need for healthy foods in their Target Markets. The CDFI Fund will collaborate with the U.S. Departments of Agriculture (USDA) and Health and Human Services (HHS), to implement this initiative and to make the final award selections. In general, an HFFI award is considered similar in nature to an FA award and is subject to the same guidelines, including eligible uses, as an FA awards.

If you wish to apply for an HFFI award, you must complete Parts I and II of the application. You must also indicate on **Part 1. Organizational Information; Question 5 - Request Award Type and Amount** on the Applicant Information form that you are applying for an FA-HFFI award. If you indicate that you are applying for an FA-HFFI award, you will also be required to complete a supplemental questionnaire, which the CDFI Fund will distribute to only those FA-HFFI Applicants at a later date. If you do not indicate that you are applying for a FA-HFFI award at the time your application is submitted, you will not receive the supplemental questionnaire and can not apply for an FA-HFFI award. If you are not selected for an HFFI award, you will still be considered for an FA award.

## Eligibility Requirements

To be eligible to apply for an award under the FY 2011 funding round, you must meet certain eligibility requirements. The following table shows the types of organizations that are eligible to apply, the types of funding they are eligible to apply for, and the documents they must submit to ensure their eligibility. Please see the NOFA for additional information regarding application eligibility, including requirements for prior CDFI Fund Awardees or Allocatees.

Please note that, at the time you submit your Application, your organization must be a duly organized and validly existing legal entity under the laws of the applicable jurisdiction (including a Tribal jurisdiction) in which it is incorporated or otherwise established.

| Table 1 – Eligibility Information   |              |   |
|---|--------------|---|
| Applicant Type  | Eligible For | What to Submit  |
| <b>Certified CDFIs</b> - Any certified CDFI whose certification has not expired and that has not been notified by the CDFI Fund that its certification has been terminated. | FA or TA     | <ul style="list-style-type: none"> <li>• Certification of Material Event Form</li> <li>• Submit the Certification of Material Event Form to the CDFI Fund by Friday, October 22, 2010, in accordance with instructions on the CDFI Fund’s website. (The Form and related guidance are available on the CDFI Fund’s website at <a href="http://www.cdfifund.gov">www.cdfifund.gov</a>.)</li> </ul> |

| Table 1 – Eligibility Information  |              |  |
|--|--------------|--|
| Applicant Type   | Eligible For | What to Submit   |
| <p><b>Certifiable CDFIs</b> - For purposes of this Application, a Certifiable CDFI is an entity from which the CDFI Fund receives a complete CDFI Certification Application no later than October 22, 2010 evidencing that the Applicant meets the requirements to be certified as a CDFI.</p> <p><b>Note:</b> The CDFI Fund will only certify as a CDFI an entity that submits a CDFI Certification Application that the CDFI Fund determines meets each certification requirement.</p> | FA or TA     | <p><input type="checkbox"/> If seeking FA: CDFI Certification Application<br/>Certifiable CDFIs seeking FA must submit a CDFI certification application to the CDFI Fund by Friday, October 22, 2010. (The CDFI Certification Application is available on the CDFI Fund's website at <a href="http://www.cdfifund.gov">www.cdfifund.gov</a>.)</p> <p><input type="checkbox"/> If seeking TA Only: Part II of this Application<br/>Certifiable CDFIs seeking TA only may submit a CDFI Certification Application but are not required to do so.</p> |
| <p><b>Emerging CDFIs</b> - For purposes of this Application, an Emerging CDFI is an entity that demonstrates to the CDFI Fund that it has a reasonable plan to be certified as a CDFI by December 31, 2013.</p>  | TA Only      | <p><input type="checkbox"/> If seeking TA Only: Part II of this Application.</p>   |

## Application Materials and Deadlines

**Submission Method and Deadlines:** You must submit your Application electronically through Grants.gov. Please see the NOFA for critical application materials and deadlines.

**Complete and Incomplete Applications:** The CDFI Fund considers an Application complete if it includes all of the required material listed on the Application Checklist. (Please see Table 3, below). If some of the required material is missing, the CDFI Fund will consider the Application incomplete and may reject it immediately depending on which items are missing. Please note:

- The CDFI Fund will **reject immediately** any Application that is missing the required SF 424 data or a valid EIN. You will not be given an opportunity to provide a missing SF 424 or missing EIN after the Application deadline.
- The CDFI Fund will **allow two business days** for you to submit the following missing items if your Application is incomplete:
  - **Internal Revenue Service (IRS) Documentation of your EIN** - You can provide an electronic copy of IRA documentation as evidence that your organization itself (i.e., not its parent or Affiliate) has been assigned its own unique EIN.
  - **Dun and Bradstreet Data Universal Numbering System (DUNS) Number** - Any entity applying for Federal assistance is required to have a DUNS number. To obtain this number, call 1-866-705-5711 or visit [www.DNB.com](http://www.DNB.com).
  - **Environmental and legal certifications**

- **Certification of Material Event Form**

**TIP** Do not wait until the last minute to obtain a DUNS or EIN documentation. If either is missing from your Application, the two days allowed by the CDFI Fund to submit these items may not be sufficient for you to obtain them. Make sure that you have all the required items and documentation *before* you submit your Application.

| <b>Table 2 – Application Checklist</b>  |                      |                      |   |
|---|----------------------|----------------------|---|
| <b>Application Component</b>  | <b>Prepare In...</b> | <b>Submit via...</b> | <b>Required for...s</b>   |
| <b>Standard Form (SF) 424</b>   | Fillable PDF         | Grants.gov           | <b>Both TA Applicants and FA Applicants</b> <ul style="list-style-type: none"> <li>• Complete this form first</li> <li>• Ensure that this form is signed by an authorized person.</li> </ul>  |
| <b>Applicant Information</b>  | Fillable PDF         | Grants.gov           | <b>Both TA Applicants and FA Applicants</b> <ul style="list-style-type: none"> <li>• Complete this form after completing the SF-424.</li> </ul>   |
| <b>Environmental Review Form 501 (c)(4) Certification Assurances and Certifications</b> | Fillable PDF         | Grants.gov           | <b>Both TA Applicants and FA Applicants</b> <ul style="list-style-type: none"> <li>• Complete MS Word templates of Environmental Review Form and the 501(c)(4) Certification (if applicable):</li> <li>• For Assurances and Certifications: Electronic Signature on the SF 424 certifies this form. It is not necessary to submit a separate copy.</li> </ul> |
| <b>FA/TA Application Narrative</b>  | MS Word              | Grants.gov           | <b>Both TA Applicants and FA Applicants:</b> <ul style="list-style-type: none"> <li>• Complete MS Word template.</li> </ul>   |
| <b>FA/TA Data Tables</b>  | MS Excel             | Grants.gov           | <b>Both TA Applicants and FA Applicants:</b> <ul style="list-style-type: none"> <li>• Complete all applicable charts in the Excel Workbook.</li> </ul>  |
| <b>EIN Documentation</b>  | PDF                  | Grants.gov           | <b>Both TA Applicants and FA Applicants:</b> <ul style="list-style-type: none"> <li>• Provide IRS documentation of your organization’s unique EIN.</li> </ul>   |
| <b>Financial Statements</b>   | PDF                  | Grants.gov           | <b>Both TA Applicants and FA Applicants</b>   |
| <b>Resumes of Key Staff</b>   | MS Word              | Grants.gov           | <b>Both TA Applicants and FA Applicants</b>   |
| <b>Organizational Chart</b>   | MS Word              | Grants.gov           | <b>Both TA Applicants and FA Applicants</b>   |
| <b>Matching Funds Documentation</b>   | PDF                  | Grants.gov           | <b>FA Applicants: OPTIONAL (See Part III: Matching Funds)</b> <ul style="list-style-type: none"> <li>• Provide an electronic copy of Match Fund documentation.</li> <li>• Provide all documentation as a single attachment.</li> <li>• Be sure to label the attachment “Matching Funds.”</li> </ul>   |

## Contacting the CDFI Fund

The CDFI Fund will respond to questions between the hours of 9:00 a.m. and 5:00 p.m. Eastern Time through the dates shown in Table 4, below. The CDFI Fund will not respond to phone calls or e-mail inquiries received after those dates until after the funding Application

deadline. Please see the CDFI Fund's Web site for information on the Certification Application and other information at <http://www.cdfifund.gov>.

| <b>Table 3 – CDFI Fund Contact List<br/>(Not toll-free numbers)</b> |  |                           |  |
|---|--|---------------------------|--|
| <b>Main Office:</b>   | (202) 622-8662<br>(202) 622-7754 (fax)   | www.cdfifund.gov          | For general inquiries, phone numbers for individual CDFI Fund staff, access to MyCDFI Fund and program Web page. |
| <b>Program Support:</b>   | (202) 622-6355   | cdfihelp@cdfi.treas.gov   | For information about CBP, certification, completing tables.   |
| <b>Compliance and Monitoring Support</b>                            | (202) 622-6330<br>(202) 622-7754 (fax)   | cme@cdfi.treas.gov        | For status of compliance with other awards including outstanding reports.  |
| <b>IT Support</b>   | (202) 622-2455   | ithelpdesk@cdfi.treas.gov | For information about registering and creating accounts on MyCDFI Fund.  |
| <b>Legal Support</b>  | If you have any questions or matters that you believe require response by the CDFI Fund's Office of Legal Counsel, please refer to the document entitled "How to Request a Legal Review" on the CDFI Fund's Web site at <a href="http://www.cdfifund.gov">www.cdfifund.gov</a> . |                           |  |

| <b>Table 4 - FY 2011 CDFI Program Deadlines</b> |   |
|---|---|
| <b>Document Type</b>                            | <b>Due Date</b>                           |
| <b>CDFI Certification</b>                       | 5:00 pm, Friday, October 22, 2010         |
| <b>Certification of Material Event Form</b>     | 5:00 pm, Friday, October 22, 2010         |
| <b>Technical Assistance (TA) Grant</b>          | 12:00 Midnight, Friday, November 19, 2010 |
| <b>Financial Assistance (FA) Award</b>          | 12:00 Midnight, Friday, November 19, 2010 |

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# **PART I: MANDATORY FORMS**

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## **WHO MUST COMPLETE THIS SECTION OF THE APPLICATION?**

- ALL APPLICANTS MUST COMPLETE THIS SECTION.

## **IS THERE ANYTHING IN THIS SECTION THAT WILL CAUSE YOUR APPLICATION TO BE REJECTED IF YOU MISS IT?**

- The SF-424 form is mandatory. Your application will be rejected immediately if you do not provide the SF-424 form. Certain fields in this form are mandatory. These fields are highlighted in yellow.
- The Applicant Information form is mandatory. Certain fields in the form are mandatory. These fields are highlighted in yellow.

## **THINGS TO NOTE:**

- The SF-424 is the first component of the application that you should complete.
- The CDFI Fund recommends that you complete the SF-424 as early as possible.
- Some fields within the Applicant Information form will be populated automatically based on data you enter into the SF-424.
- The Applicant Information form replaces the “Signature Page” that was a component of applications in previous funding rounds.

## **Introduction**

The purpose of this part of the Guide is to help you complete several forms that are required for your Application for an FA or TA award through the FY 2011 funding round of the CDFI Program. These mandatory forms are:

- SF-424 Form
- Applicant Information Form
- Organizational Profile
- Certification Checklist
- Target Market Profile

## **The SF-424 Form**

You must complete the SF-424 form first. The SF-424 is a mandatory form used throughout the government for grant applications. Please be aware that the CDFI Fund will reject your Application immediately if it is missing the SF-424 or the required SF 424 data. You will not be given an opportunity to provide a missing SF after the Application deadline.

You can find the SF-424 in the Grants Application Package downloaded from Grants.gov. The form is listed in a box on the left side of the Grants Application Package labeled “Mandatory Documents.”

To access this form:

1. Select the “Move Form to Complete” button
2. Select the “Open Form” button

Only the fields highlighted in YELLOW are mandatory. You are not required to complete any of the other fields in the SF-424. All organizational information entered in the SF-424 will be automatically carried over to the Applicant Information Form.

Regarding Item 13 - Funding Period: You must select a start date of August 1, 2011, and an end date of September 31, 2013 (if you are applying for TA) or 2014 (if you are applying for FA or FA-HFFI).

## **The Applicant Information Form**

The Applicant Information form can be found in the “Grants Application Package” downloaded from Grants.gov. The form is listed in a box on the left side of the Grants Application Package labeled “Mandatory Documents.”

To access this form:

1. Select the “Move Form to Complete” Button
2. Select the “Open Form” Button

This form replaces the CDFI Fund Signature Page from previous application rounds of the CDFI Program. Organizational information on Part I of the form should automatically be populated from your SF-424. All relevant fields are mandatory. The form can not be submitted until you provide responses for all fields highlighted in YELLOW.

## **The Organizational Profile**

You are required to write a brief profile of your organization that provides the following information, using the sample template in the text box below:

1. The name of your organization
2. Your certification status
3. The year your organization was established
4. Your major products and services
5. The geographic and, if applicable, population-based Target Market(s) you serve
6. Your plans for using the CDFI Program funds you are requesting (summarize categories, high cost items, and unique uses)

You may use the following template as a guide when writing your profile:

**SAMPLE ORGANIZATIONAL PROFILE TEMPLATE: Smithtown loan fund is a Certified CDFI established in 1973 that provides micro-loans and small business training to a targeted population in Orange County, California. Smithtown loan fund will use the FY 2011 Financial Assistance award as capital for its micro-lending program. (44 words)**

▶ **SCORE: NOT SCORED**  
▶ **TEXT LIMIT: NOT TO EXCEED 225 WORDS**

## **The Certification Checklist**

Please note that Part II, question 2e, of the Certification Checklist is for Non-Certified Applicants only. If your organization is Non-Certified, indicate whether it currently meets each of the seven CDFI Certification requirements. You can find more detailed information about these requirements on the CDFI Fund's Certification Web page at <http://www.cdfifund.gov/docs/certification/CDFI/CDFIcertificationApplication.pdf>.

Also, if you answered "No" to any requirement, you should use the narrative portions of this application to address those requirements.

▶ **SCORE: NOT SCORED**

## **The Target Market Profile**

You must provide a brief description of your Target Market.

1. Describe the Target Market (in terms relevant to the Investment Area and Targeted Population) as defined in the CDFI Program's Notice of Funding Availability (NOFA) and the CDFI Program Regulations (12 CFR Part 1805).
2. Provide a brief overview of the Target Market's principal characteristics, such as its demographic, economic, or household characteristics.
3. Discuss the Target Market in terms of customers or end-users of your Financial Products, Financial Services, and/or Development Services.
4. If your organization is a CDFI serving a national market or statewide markets, provide the geographic areas to which you have provided Financial Products, Financial Services, and/or Development Services in the past five years. (To identify the geographic areas, please use either county-level areas and/or census tracts.)

▶ **SCORE: NOT SCORED**  
▶ **TEXT LIMIT: NOT TO EXCEED 150 WORDS**

## **Assurances and Certifications**

The Applicant Information Form is used to certify that you will comply with all Assurances and Certifications related to a CDFI Program award. An electronic signature will be accepted based upon responses provided in the SF-424 and the Applicant Information Form.

Detailed information on all Assurances and Certification can be found in this document.

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## **PART II: FINANCIAL ASSISTANCE APPLICATION**

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### **WHO MUST COMPLETE THIS SECTION?**

ALL APPLICANTS REQUESTING FINANCIAL ASSISTANCE (FA) OR HEALTHY FOODS FINANCING INITIATIVE (HFFI) FUNDING MUST COMPLETE THE FINANCIAL ASSISTANCE APPLICATION.

### **IS THERE ANYTHING IN THIS SECTION THAT WILL CAUSE YOUR APPLICATION TO BE REJECTED IF YOU MISS IT?**

You are required to use the MS Word and Excel templates provided in the application documents to respond to the application questions.

### **ARE THERE TEXT LIMITS IN THIS YEAR'S APPLICATION?**

Yes. Each section in the Application that is scored has Text Limits. The Text Limit for each question is specified on the Application form.

### **THINGS TO NOTE:**

- Throughout this section of the Guide, be sure to pay close attention to the Tips (in text boxes) as well as to the commentary about the questions. These Tips offer information for specialized types of CDFIs, such as venture capital funds, banks, credit unions, and loan funds.
- Do not submit additional materials that are not specifically requested in this Application. The CDFI Fund will read only the information it requests. It will not read organizational strategic plans, marketing plans, letters of support, or other materials that have not been specifically requested.

## **Introduction**

The purpose of this part of the guide is to help you complete the Financial Assistance Application Narrative. In the following pages you will find guidance for each section of the Application.

The CDFI Fund will review your Application and score each section. The maximum points available for each section of the application are as follows:

| <b>Comprehensive Business Plan (CBP) Sections</b> | <b>FA Applicants</b> |
|---|----------------------|
| Executive Summary                                 | Not Scored           |
| High Impact Narrative                             | 10 points            |
| Target Market Needs                               | 10 points*           |
| Responsiveness to Target Market Needs             | 40 points            |

|   |            |
|---|------------|
| Delivery Capacity   | 40 points  |
| Performance on Past Awards (If Applicable)                    | Not Scored |
| * Includes up to 5 priority points based on distress criteria |            |

## FA Request

### 1. EXECUTIVE SUMMARY

You are required to provide a one-page summary of your proposal, including the following key points:

1. Your organization's mission statement.
2. A brief description of the main products and services you offer.
3. A track record of your organization's activities.
4. Your organization's impacts to date in its Target Market.
5. Details about your award request, including the exact amount and intended use of funds.
6. A brief description of the Comprehensive Business Plan's key elements and expected outcomes if you receive an award.
7. If your organization is an Emerging CDFI, you should discuss your plans to become a certified CDFI, particularly focusing on plans to begin lending and providing Development Services.

**▶ SCORE: NOT SCORED**  
**▶ TEXT LIMIT: NOT TO EXCEED ONE PAGE**

## High Impact Narrative

### 2. SIGNIFICANCE OF REQUESTED AWARD

Provide a two-page narrative explaining why the application should be funded, bearing in mind that funding for the CDFI Program is limited and the applicant pool is very competitive.

The narrative should include the following:

1. Describe in detail how your organization will use the CDFI Program award.
2. Explain why your organization needs the award from the CDFI Program.
3. Provide a timeline for achieving the major Comprehensive Business Plan's objectives and for deploying the FA award over the next three years.
4. Discuss how the requested award will enable your organization to build its capacity as a CDFI.

5. Discuss the impacts of the FA award on your Target Market.

▶ **SCORE: 10 POINTS MAXIMUM**  
▶ **TEXT LIMIT: NOT TO EXCEED TWO PAGES**

## Target Market Needs

### 3. ECONOMIC DISTRESS AND PRIORITY POINTS

You are required to discuss the needs of your Target Market. Specifically:

1. Discuss the extent of economic distress within your Target Market or, if your organization is a national or state CDFI, within the geographic area to be served.
2. If possible, provide additional quantitative and qualitative data that substantiate the distress in the Target Market or, if your organization is a national or state CDFI, in the geographic area to be served.
3. If the Index is not adequate to describe your Target Market, provide additional data and information from relevant studies and documentation that demonstrates the characteristics of the distressed area or targeted populations to be served.
4. Discuss the need in the distressed community/communities for credit, capital, and financial services.
5. Discuss how the customer profile in Chart D compares with the Target Market as described.
6. Cite all data sources.

**Distress Indicators and Priority Points:** The FY 2011 application round will use a new priority point system for scoring applications. During this round, up to five priority points will be awarded to applicants who commit to serve communities facing the highest levels of distress. The number of priority points awarded will be based on an objective scoring of distress measures.

The CDFI Fund uses a Distress Indicator Index to measure levels of distress and to establish an Applicant's priority points. You can learn more about the CDFI Fund's Distress Indicator Index and the raw data that factor into the priority points score on the CDFI Fund's Web site at [www.cdfifund.gov/distressindex](http://www.cdfifund.gov/distressindex).

In order to qualify for Priority Points, you must:

1. Identify up to five counties where your organization will deploy the Financial Products and Financial Services that will be supported through this award. (These counties do not have to be contiguous).
2. Find the corresponding priority points for these counties.
3. Enter the county and priority point information in your Application. If you select more than one county is select, provide an average of the priority points. (For example, if you

select two counties, one with a value of four priority points and a second with a value of zero, then indicate two overall priority points. Round decimals from .5 or higher up; round decimals lower than .5 down).

By claiming these priority points, you are committing to deploy your awards to serve the counties you have identified.

- ▶ **PRIORITY POINTS: THE CDFI FUND WILL AWARD UP TO 5 PRIORITY POINTS FOR APPLICANTS SERVING THE NATION'S MOST DISTRESSED COMMUNITIES.**
- ▶ **SCORE: 10 POINTS MAXIMUM; INCLUDING 5 PRIORITY POINTS**
- ▶ **TEXT LIMIT: NOT TO EXCEED THREE PAGES**

**IMPORTANT:** Priority points are calculated as part of the overall award scoring. You can serve counties that show zero priority points, and you can receive an award even if you do not receive any priority points.

**All Applicants** should discuss the Target Market in terms of customers or recipients of their Financial Products and Financial Services. Community needs and economic distress should be discussed in relation to the Applicant's mission and activities.

**Credit Union Applicants** should discuss the needs of their members, including their access to Financial Products and Financial Services.

**Bank Applicants** should discuss the needs of their borrowers and accountholders, including their access to Financial Products and Financial Services.

**Venture Capital Applicants** should discuss the Target Market in terms of deal flow and potential investees, and should discuss the lack of access to equity capital in businesses located within their Target Market.

## **Responsiveness to Target Market Needs**

### **4. FINANCIAL PRODUCTS AND FINANCIAL SERVICES**

In this section, describe your relevant Financial Products and/or Financial Services.

1. Discuss the Financial Products and Financial Services listed on Chart E and Chart F, respectively. Chart E and Chart F should include all relevant Financial Product and Financial Services.
2. Describe how each Financial Product and Financial Service addresses the needs of the Target Market described in Question 3 of this application.
3. Describe how each Financial Product and Financial Service is appropriate for the Target Market's population. If applicable, include items such as flexible underwriting criteria,

nontraditional forms of collateral, low down payment requirements, and closing costs assistance.

4. Provide examples of past customers and impacts made by the Financial Products and Financial Services.
5. Describe the financial returns generated by each Financial Product and Financial Service. Be sure to discuss sources and costs of capital, the returns generated by each product and service, and the financial sustainability of each.
6. Discuss how your Financial Products and Financial Services are leveraged with other resources (public and private) to achieve greater impact.

▶ **SCORE: 30 POINTS MAXIMUM; A MINIMUM THRESHOLD OF 10 POINTS IS REQUIRED TO BE CONSIDERED FOR AN AWARD**

▶ **TEXT LIMIT: NOT TO EXCEED FIVE PAGES**

#### **TIPS:**

**All Applicants** should discuss their overall business plans, including their organizational goals. Products and services should be identified in relation to an overall strategy for meeting the Target Market needs.

**Bank Applicants** should discuss Financial Services as well as Financial Products, and should discuss how they respond to specific customer needs.

**Venture Capital Applicants** should discuss the overall investment strategy. The narrative should show how investment offerings are appropriate for investee firms.

**Credit Union Applicants** should discuss Financial Services as well as Financial Products, and should discuss how they respond to specific needs among their members.

#### **5. SERVICE TO THE TARGET MARKET**

Describe your Development Services.

1. Describe the services your organization offers, such as credit and financial counseling, homebuyer classes, or business development classes. Include an overview of the curriculum, the qualifications of the instructors, the frequency of the offerings, any fees or costs charged to the client, and the systems used to evaluate effectiveness. Also describe the format of the instruction such as one-on-one sessions, group training, and online counseling.
2. Discuss how your Development Services are linked to your Financial Products and Financial Services. What is the relationship between the number of clients receiving Development Services and the number ultimately qualifying for Financial Products?
3. Explain how you determined the services were needed in your Target Market.

Discuss Marketing and Outreach efforts that show that your efforts are appropriate for the Target Market.

1. Describe how you market your Financial Products and Financial Services.
2. Discuss how you expand the reach of your Marketing and Outreach efforts.
3. Discuss your efforts to reach out to marginalized or isolated populations.

Describe other relevant services you have undertaken.

1. Describe the full range of services you provide to address the needs of the Target Market.

▶ **SCORE: 10 POINTS MAXIMUM**  
▶ **TEXT LIMIT: NOT TO EXCEED FOUR PAGES**

**TIPS:**

**Venture Capital Applicants** should discuss the impact of board service and business consulting on firms within their Target Market, and should detail their overall value-added (for example, in areas such as marketing and raising capital) to their investees.

**Credit Union Applicants** should discuss the extent, quality, and impact of their Development Services. All relevant types of service to members should be detailed.

**Bank Applicants** should discuss the extent, quality, and impact of their Development Services. All relevant types of services to customers should be detailed.

## **Delivery Capacity**

### **6. MARKET DEMAND**

Provide a narrative about the demand for your Financial Products, Development Services, and/or Financial Services within your Target Market.

1. Discuss and quantify the demand for your Financial Products, Development Services, and/or Financial Services within your Target Market.
2. Discuss the indicators used to determine the demand in the Target Market, such as market studies for specific products, trends in product deployment, and/or the number of applications/inquiries per month.
3. Describe why residents of your Target Market are not able to obtain the services they need from other financial institutions.

4. Describe the characteristics of your pipeline of borrowers that shows they are “ready” to borrow.
5. Discuss demand and how it will relate to your ability to deploy an FA award and the timeline for deployment.

▶ **SCORE: 10 POINTS MAXIMUM**  
▶ **TEXT LIMIT: NOT TO EXCEED THREE PAGES**

**TIPS:**

**Credit Union Applicants** should discuss the ratio of potential members to members, and the ratio of members to borrowers; they should also discuss the market for both Financial Products and Financial Services.

**Bank Applicants** should discuss the market for both Financial Products and Financial Services.

**Venture Capital Applicants** should discuss the market for investments (into VC funds), the market for firms seeking venture capital, and the market for different types of exits.

## **7. ORGANIZATIONAL CAPACITY**

Describe your organization’s track record in providing Financial Products, Development Services, and/or Financial Services.

1. Discuss your past activities, focusing on those specifically in which you serve clients in your Target Market. Wherever appropriate, use historic data from the Financial Activities Level Chart (Chart G) as support.
2. Discuss the underlying circumstances supporting your track record. For instance, relate growth patterns in the Target Market to explain the increased activities in the Financial Activities Level Chart. If you have experienced alternating periods of growth and decline, explain why this has occurred.
3. Discuss the impacts and outcomes that have resulted from your activities.
4. Discuss your ability to leverage funds, specifically awards you have received from the CDFI Program within the past three years.
5. Discuss projected activity levels and impacts. Include a discussion of the amount of leverage you are projecting to obtain with the CDFI Program proposed award.
6. Explain how you will expand or increase your activities if you receive a CDFI Program award is, including any additional financial or programmatic risks that may be related to the expansion.

Complete tables FA1 and FA2, briefly describing your management team and key staff. (Please include additional board or staff members, as needed.)

1. Describe the status of new or vacant positions, and your strategy for filling the positions, as well as the expected date of filling them.
2. List any key committees that are an integral part of your operations (for example, loan/investment committee, and audit committee).

Describe your systems, policies, and procedures. Specifically, describe your:

1. **Underwriting process:** Describe your underwriting process and review criteria for each product. Address the roles and responsibilities for due diligence and the initial recommendation; also describe your process for making interest rate, risk level, and final loan decisions. Explain how your underwriting policies are responsive to the needs of the Target Market. For example, do you make accommodations for low credit scores or blemished credit histories? If so, how are these accommodations applicable to the Target Market? Provide an example illustrating these policies in practice.
2. **Portfolio review:** Discuss your methodology for portfolio review, including the role of your staff, your Governing Board, and/or your committee members. Describe when and how you conduct portfolio review. Describe how you address delinquencies and defaults in your portfolio.
3. **Management of financial accounts:** Discuss your management of financial accounts, and state whether you conduct annual audits. Describe your systems for tracking and reporting on the use of funds from public and private sources.
4. **Management Information System (MIS):** Describe your MIS, including software and other technology used for: underwriting, monitoring your portfolio monitoring, tracking your data and impact, and developing internal Financial Statements.

Describe your financial capacity.

1. Discuss your overall financial health and viability, capitalization, and portfolio performance.
2. Describe the type of Financial Statements included with the Application. If you provided anything less than the most recent three years of audited Financial Statements, or if you did not include your most recent tax return, explain why.
3. Explain any major discrepancies between key financial statement line items and corresponding entries in Chart H. Include information about any transactions (such as off-balance sheet lending or activities undertaken by affiliates) that remain unclear on Chart H.
4. Discuss whether you have sufficient financing capital to meet the current and projected level of demand for your Financial Products and/or Financial Services?
5. Discuss your cost of capital.
6. Discuss your operating budget. Discuss costs associated with program activity as opposed to management and administration.

7. Discuss each Financial Ratio from Chart H in terms of your financial soundness.
8. Discuss loan performance and/or equity investment performance, and discuss each MPS measure (from Chart I and/or Chart J) in terms of your capacity to manage your loan and/or investment portfolio.

- ▶ **SCORE: THE ORGANIZATIONAL CAPACITY SECTION IS WORTH A TOTAL OF 30 POINTS MAXIMUM. THIS INCLUDES THE COMBINED TOTAL FOR ALL FOUR COMPONENTS OF THE SECTION. A MINIMUM OF 10 POINTS FROM THE FOUR COMPONENTS COMBINED IS REQUIRED TO BE CONSIDERED FOR AN AWARD.**
- ▶ **TEXT LIMITS: THE ORGANIZATIONAL CAPACITY SECTION IS NOT TO EXCEED A TOTAL OF NINE PAGES FOR THE FOUR COMPONENTS COMBINED, EXCLUDING TABLES FA1 AND FA2.**

**TIPS:**

**All Applicants** should be aware that this section requests a great amount of information. Narrative space is limited, and applicants should carefully weigh which information is truly vital to describing their organizational capacity.

**Required Financial Data** You must submit financial statements for your three most recently completed fiscal years, as well as financial statements for the most recently completed quarter. If you have been in operation for less than three years, submit financial statements for as many years as you can. Please note:

- **If you are a Non-Regulated Applicant:** Submit audited or reviewed financial statements, including any associated notes to the financial statements. If audited or reviewed financial statements are not available, submit internally generated balance sheets (statements of financial position) and Income and Expense Statements (statements of activities), and respond in question 7. Submit internal financial statements for the most recently completed quarter. Also submit your most recently-filed tax return.
- **If you are an Applicant with an Affiliate(s):** Submit a separate set of internally generated financial statements for your organization if your audited financial statements are consolidated with the statements of your Affiliate(s) and do not include separate schedules of your financial position and Income and Expense Statements,
- **If you are an Insured Credit Union, Insured Depository Institution or a Depository Insured Holding Company:** In addition to audited financial statements, submit Financial Performance Ratios (FPR) as reported by your appropriate federal regulating agency for the last three completed fiscal years. Regulator reports include the National Credit Union Administration Form 5300 or Uniform Bank Performance Report. Submit only the financial ratio summary pages

rather than the complete reports. If you are a regulated entity, enter key ratios from your Call Reports directly into the Financial Information Tables.

**Financial Data Tables** You are required to complete the Financial Data Tables (Chart H). This information allows the CDFI Fund to evaluate your organization's safety and soundness, projected financial health, and portfolio performance.

There are data tables specific to non-regulated applicants, credit unions, and banks/thrifts/holding companies. For non-regulated entities, the CDFI Fund will calculate key financial ratios. For regulated entities, the CDFI Fund requires key ratios found on the respective Call Reports. Regulated entities must provide information as to the applicable MPS that is held by its regulator.

| <b>Financial Ratio Minimum Prudent Standards (MPS)</b>  |   |
|---|---|
| <b>Measure</b>  | <b>Non-Regulated CDFIs</b>  |
| <b>Capital</b><br>Measures the underlying financial strength of an Applicant and whether it has sufficient cushion of assets to cover unexpected losses. The capital ratio identifies the percentage of the CDFI's total assets unencumbered by debt. | <b>Net Asset Ratio <math>\geq .20</math></b><br>Net Assets divided by Total Assets  |
| <b>Deployment</b><br>Measures how much of the Applicant's available funds is lent out or invested.  | <b>Deployment Ratio <math>\geq .50</math></b>   |
| <b>Earnings</b><br>Measures whether the Applicant is earning sufficient revenue to cover its expenses.  | <b>Net Income <math>\geq \\$0</math></b><br>Gross Revenues (including grants or other contributions) less Total Expenses. For-profit Applicants should deduct total pre-tax expenses from Total Revenue.  |
| <b>Earnings</b><br>Measures whether the Applicant is earning sufficient revenue to cover its expenses.  | <b>Earnings Ratio</b><br>There is no MPS for this measure; explain the ratio in the narrative.  |
| <b>Self-Sufficiency</b><br>Measures the percentage of operating costs a CDFI can cover with earned revenue.   | <b>Self-Sufficiency Ratio = <math>\geq .40</math> (non-profit) <math>\geq .70</math> (for-profit)</b>   |
| <b>Operating Liquidity</b><br>Measures whether the Applicant has sufficient cash to cover at least three months of operating expenses. The operating ratio reports the availability of cash to cover short-term operating expenses.                   | <b>Operating Liquidity Ratio= 1.00</b><br>Cash and Cash Equivalents that are not restricted in a manner that prevents their use in satisfying obligations represented by operating expenses DIVIDED BY 25% of total operating expenses for the four most recently completed quarters. |
| <b>Asset-Liability Management</b><br>Measures whether the structure of the Applicant's debt is appropriate for its financial products.  | <b>Current Ratio = 1.25</b><br>Current assets divided by current liabilities.   |

**TIPS:**

Failure to meet any of the historic and/or projected MPS will not necessarily prevent you from receiving an FA or TA award. However, you must explain why you believe your organization is financially sound despite its not meeting the MPS.

The following chart outlines the MPS for each of three portfolio management ratios: Portfolio-at-Risk (PAR), Annual Net Loan Loss Ratio, and Loan Loss Reserves (LLR) or Provision for Losses.

| <b>Loan Portfolio Quality Minimum Prudent Standard (MPS) for Non-Regulated Entities</b> |                                |                                   |   |
|---|--------------------------------|-----------------------------------|---|
| <b>Product Grouping</b>   | <b>Portfolio-at-Risk (PAR)</b> | <b>Annual Net Loan Loss Ratio</b> | <b>Loan Loss Reserves (LLR) Or Provision for Losses</b>   |
| Affordable Housing-First Lien   | ≤ 7.00%                        | ≤ 1%                              | Loan Loss Reserves are expected to be no less than half the actual Portfolio-at-risk and no more than one and a half times the actual portfolio at risk: .5 PAR ≤ LLR ≤ 1.5 PAR |
| Affordable Housing-Subordinate Lien   | ≤ 7.00%                        | ≤ 3%                              |   |
| Business  | ≤ 10.00%                       | ≤ 5%                              |   |
| Consumer and Micro-enterprise   | ≤ 12.00%                       | ≤ 9%                              |   |
| Overall MPS   | ≤ 15.00%                       | Narrative Only                    |   |

**7A. ACTION PLAN FOR FINANCIAL HEALTH AND VIABILITY (IF APPLICABLE)**

This narrative is optional. Complete it only if you meet any of the following conditions:

- If you fail two or more Minimum Prudent Standards on Chart H, Financial Data, provide a detailed description of steps taken to address risks to organizational financial soundness.
- If you are a regulated entity and have been subject to a Prompt Corrective Action plan or similar plan by your regulator any time during the past 24 months, provide a detailed description of the circumstances behind this and steps taken to address deficiencies.
- If you received anything other than an unqualified opinion in any of the three most recent audits or you received findings such as material weaknesses or reportable conditions, provide a detailed explanation of steps taken to address them.

**▶ TEXT LIMIT: NOT TO EXCEED ONE PAGE.**

**7B. ACTION PLAN FOR PORTFOLIO MANAGEMENT ( IF APPLICABLE)**

This narrative is optional. Complete it only if you meet any of the following conditions:

- If you fail the Minimum Prudent Standards for Delinquency or Net Write-Offs on Chart I, Loan Portfolio Quality (or report a negative rate of return on equity investments on Line G of Chart J, Equity Investment Portfolio Valuation), provide a detailed description of steps taken to address risks to loan (investment) quality.
- If you received any findings related to portfolio quality or management in any of the three most recent audits, provide a detailed explanation of steps taken to address them.

▶ **TEXT LIMIT: NOT TO EXCEED ONE PAGE.**

**TIPS:**

**All Applicants** should be aware that questions 7A and 7B are optional. These spaces are provided for Applicants who need additional narrative space to discuss the particular challenges they face and to elaborate on the steps they have taken to overcome these challenges.

## **Performance on Past Awards (If Applicable)**

### **8. PRIOR AWARDEES**

If your organization or your Affiliate has received an award under any of the CDFI Fund's programs between FY 2006-2009, discuss the extent to which the Applicant has been successful in meeting performance goals and reporting requirements.

**If you are a previous FA Awardee:** At any time during the performance period, did you fail to meet a performance measure or a financial soundness covenant? If yes, explain:

- What caused the failure.
- How the issues leading to the failure have been addressed and/or resolved.

Also, if you are a previous FA Awardee and are requesting FA for the same type of activities, please explain if the projected activity levels coincide with the previous award's level of activity.

**If you are a previous TA Awardee:** If a previous TA award was to assist you become a certified CDFI, but you did not become certified, explain why.

▶ **SCORE: NOT SCORED. THE NARRATIVE RESPONSE WILL BE USED AS PART OF THE COMPLIANCE REVIEW PROCESS.**

▶ **TEXT LIMIT: NOT TO EXCEED ONE PAGE.**

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# PART III: TECHNICAL ASSISTANCE APPLICATION

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## WHO MUST COMPLETE THIS SECTION?

ALL APPLICANTS REQUESTING TECHNICAL ASSISTANCE (TA) FUNDING MUST COMPLETE THE TECHNICAL ASSISTANCE APPLICATION.

## IS THERE ANYTHING IN THIS SECTION THAT WILL CAUSE YOUR APPLICATION TO BE REJECTED IF YOU MISS IT?

You are required to use the MS Word and Excel templates provided in the application documents to respond to the application questions.

## ARE THERE TEXT LIMITS IN THIS YEAR'S APPLICATION?

Yes. Each section in the Application that is scored has Text Limits. The Text Limit for each question is specified on the Application form.

## THINGS TO NOTE:

- Throughout this section of the Guide, be sure to pay close attention to the Tips (in text boxes) as well as to the commentary about the questions. These Tips offer information for specialized types of CDFIs, such as venture capital funds, banks, credit unions, and loan funds.
- Do not submit additional materials that are not specifically requested in this Application. The CDFI Fund will read only the information it requests. It will not read organizational strategic plans, marketing plans, letters of support, or other materials that have not been specifically requested.

## Introduction

The purpose of this part of the guide is to help you complete the Technical Assistance (TA) Application Narrative. In the following pages you will find guidance for each section of the TA Application.

The CDFI Fund will review your Application and score each section. The maximum points available for each section of the application are as follows:

| Comprehensive Business Plan (CBP) Sections                    | TA Applicants |
|---|---------------|
| Executive Summary   | Not Scored    |
| Technical Assistance Proposal (TAP)                           | 20 points     |
| Target Market Needs   | 10 points*    |
| Responsiveness to Target Market Needs                         | 30 points     |
| Delivery Capacity   | 40 points     |
| Performance on Past Awards (If Applicable)                    | Not Scored    |
| * Includes up to 5 priority points based on distress criteria |               |

## TA Request

### 1. EXECUTIVE SUMMARY

You are required to provide a one-page summary of your proposal, including the following key points:

1. Your organization's mission statement.
2. A brief description of the main products and services you offer.
3. A track record of your organization's activities.
4. Your organization's impacts to date in its Target Market.
5. Details about your award request, including the exact amount and intended use of funds.
6. A brief description of the Comprehensive Business Plan's key elements and expected outcomes if you receive an award.
7. If your organization is an Emerging CDFI, you should discuss your plans to become a certified CDFI, particularly focusing on plans to begin lending and providing Development Services.

▶ **SCORE: NOT SCORED**  
▶ **TEXT LIMIT: NOT TO EXCEED ONE PAGE**

## Technical Assistance Proposal (TAP)

### 2. TAP

In this section, you must explain how your organization will use the TA funds and why the funding is necessary. Provide the following information:

1. Brief summary of how the requested TA grant will address the organizational improvements needed to achieve your Business Plan's objectives.
2. Narrative for each requested TA item entered in the TA Budget (Chart C). Each description must include:
  - a Detailed description of the requested TA item.
  - b Detailed description of how the TA item will improve your capacity to serve your Target Market and/or become a certified CDFI, achieving your Business Plan's objectives.
  - c Explanation of how you calculated each activity.
  - d Timeline including when the activity/purchase will be initiated and completed.
  - e If you received a TA award in the past for the same item, a description of how the item further builds your capacity. The CDFI Fund will not provide funding for the same activities funded through prior awards without a compelling justification.

When you write the TAP, be aware of the following guidelines:

- Usually, all TA grants must be used and all activities must be completed within 24 months of receipt, as indicated in the Awardee's Assistance Agreement.
- TA grants cannot be expensed prior to the execution of an Assistance Agreement.
- The CDFI Fund will evaluate the TAP for the eligibility and appropriateness of the requested TA grant.
- The CDFI Fund will not provide funding for construction costs.
- If your organization is not a certified CDFI and is requesting TA to address certification requirements, you must explain how the TA will help you meet the certification requirements. The CDFI Fund will assess the reasonableness of the plan to become certified by December 31, 2013, taking into account the requested TA.

You may request a TA grant for a wide range of purposes. For example:

- **Training** - You may request a TA grant to acquire external training for your staff, volunteers, or board members in order to increase the effectiveness of your existing and future administrative operations and programs.
- **Travel expenses** - You may request a TA grant to cover travel expenses for staff, consultants, or board members. Allowable travel-related expenses include air or train fare, lodging, mileage, rental cars, taxi and subsistence (e.g., meals). If you indicate on Chart C that you will apply Federal travel policies, you must follow appropriate GSA rates. Those rates can be found online at [www.gsa.gov](http://www.gsa.gov).
- **Professional services** – You may request a TA grant to cover professional services, such as:
  - Hiring a consultant to develop lending policies and procedures.
  - Hiring a consultant to develop a market analysis with recommendations for expansion.
  - Hiring a contractor to evaluate existing or new Financial Products or training services.
  - Hiring a contractor to deliver training to potential borrowers.

The rate of compensation for Professional Services covered by a TA grant varies. Services that are obtained outside of a competitive-bid process (i.e., sole-sourced) cannot exceed the daily or hourly rate equivalent to the ES-4 federal salary. Current rates can be found at the Office of Personnel Management (OPM) Web site ([www.opm.gov](http://www.opm.gov)). Services obtained through a competitive bid process may exceed this rate. You must designate your procurement policy in Chart C.

- **Supplies and materials** - You may request a TA grant to purchase supplies and/or to produce materials (such as training materials associated with providing developmental services or outreach materials to promote your loan products). Your narrative should explain how you will use the requested items to build your capacity to serve your Target market or to become certified as a CDFI.

- ▶ SCORE: 20 POINTS MAXIMUM
- ▶ TEXT LIMIT: NOT TO EXCEED THREE PAGES

## Target Market Needs

### 3. ECONOMIC DISTRESS AND PRIORITY POINTS

You are required to discuss the needs of your Target Market. Specifically:

1. Discuss the extent of economic distress within your Target Market or, if your organization is a national or state CDFI, within the geographic area to be served.
2. If possible, provide additional quantitative and qualitative data that substantiate the distress in the Target Market or, if your organization is a national or state CDFI, in the geographic area to be served.
3. If the Index is not adequate to describe your Target Market, provide additional data and information from relevant studies and documentation that demonstrates the characteristics of the distressed area or targeted populations to be served.
4. Discuss the need in the distressed community/communities for credit, capital, and financial services.
5. Discuss how the customer profile in Chart D compares with the Target Market as described.
6. Cite all data sources.

**Distress Indicators and Priority Points:** The FY 2011 application round will use a new priority point system for scoring applications. During this round, up to five priority points will be awarded to applicants who commit to serve communities facing the highest levels of distress. The number of priority points awarded will be based on an objective scoring of distress measures.

The CDFI Fund uses a Distress Indicator Index to measure levels of distress and to establish an Applicant's priority points. You can learn more about The CDFI Fund's Distress Indicator Index and the raw data that factor into the priority points score on the CDFI Fund's Web site at [www.cdfifund.gov/distressindex](http://www.cdfifund.gov/distressindex).

In order to qualify for Priority Points, you must:

1. Identify up to five counties where your organization will deploy the Financial Products and Financial Services that will be supported through this award. (These counties do not have to be contiguous).
2. Find the corresponding priority points for these counties.

3. Enter the county and priority point information in your Application. If you select more than one county is select, provide an average of the priority points. (For example, if you select two counties, one with a value of four priority points and a second with a value of zero, then indicate two overall priority points. Round decimals from .5 or higher up; round decimals lower than .5 down).

By claiming these priority points, you are committing to deploy your awards to serve the counties you have identified.

- ▶ **PRIORITY POINTS: THE CDFI FUND WILL AWARD UP TO 5 PRIORITY POINTS FOR APPLICANTS SERVING THE NATION'S MOST DISTRESSED COMMUNITIES.**
- ▶ **SCORE: 10 POINTS MAXIMUM, INCLUDING 5 PRIORITY POINTS**
- ▶ **TEXT LIMIT: NOT TO EXCEED THREE PAGES**

**IMPORTANT:** Priority points are calculated as part of the overall award scoring. You can serve counties that show zero priority points, and you can receive an award even if you do not receive any priority points.

**All Applicants** should discuss the Target Market in terms of customers or recipients of their Financial Products and Financial Services. Community needs and economic distress should be discussed in relation to the Applicant's mission and activities.

**Credit Union Applicants** should discuss the needs of their members, including their access to Financial Products and Financial Services.

**Bank Applicants** should discuss the needs of their borrowers and accountholders, including their access to Financial Products and Financial Services.

**Venture Capital Applicants** should discuss the Target Market in terms of deal flow and potential investees, and should discuss the lack of access to equity capital in businesses located within their Target Market

## **Responsiveness to Target Market Needs**

### **4. FINANCIAL PRODUCTS AND FINANCIAL SERVICES**

In this section, describe your relevant Financial Products and/or Financial Services. Specifically:

1. Discuss the Financial Products and Financial Services listed on Chart E and Chart F, respectively. Chart E and Chart F should include all relevant Financial Product and Financial Services.

2. Describe how each Financial Product and Financial Service addresses the needs of the Target Market described in Question 3 of this application.
3. Describe how each Financial Product and Financial Service is appropriate for the Target Market's population. If applicable, include items such as flexible underwriting criteria, nontraditional forms of collateral, low down payment requirements, and closing costs assistance.
4. Provide examples of past customers and impacts made by the Financial Products and Financial Services.
5. Describe the financial returns generated by each Financial Product and Financial Service. Be sure to discuss sources and costs of capital, the returns generated by each product and service, and the financial sustainability of each.
6. Discuss how your Financial Products and Financial Services are leveraged with other resources (public and private) to achieve greater impact.

▶ **SCORE: 30 POINTS MAXIMUM; A MINIMUM THRESHOLD OF 10 POINTS IS REQUIRED TO BE CONSIDERED FOR AN AWARD**

▶ **TEXT LIMIT: NOT TO EXCEED FIVE PAGES**

#### **TIPS:**

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**Bank Applicants** should discuss Financial Services as well as Financial Products, and should discuss how they respond to specific customer needs.

**Venture Capital Applicants** should discuss the overall investment strategy. The narrative should show how investment offerings are appropriate for investee firms.

**Credit Union Applicants** should discuss Financial Services as well as Financial Products, and should discuss how they respond to specific needs among their members.

#### **5. SERVICE TO THE TARGET MARKET**

Describe your Development Services.

1. Describe the services your organization offers, such as credit and financial counseling, homebuyer classes, or business development classes. Include an overview of the curriculum, the qualifications of the instructors, the frequency of the offerings, any fees or costs charged to the client, and the systems used to evaluate effectiveness. Also describe the format of the instruction such as one-on-one sessions, group training, and online counseling.

2. Discuss how your Development Services are linked to your Financial Products and Financial Services. What is the relationship between the number of clients receiving Development Services and the number ultimately qualifying for Financial Products?
3. Explain how you determined the services were needed in your Target Market.

Discuss Marketing and Outreach efforts that show that your efforts are appropriate for the Target Market.

1. Describe how you market your Financial Products and Financial Services.
2. Discuss you expand the reach of your Marketing and Outreach efforts.
3. Discuss your efforts to reach out to marginalized or isolated populations.

Describe other relevant services you have undertaken.

1. Describe the full range of services you provide to address the needs of the Target Market.

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#### **TIPS:**

**Venture Capital Applicants** should discuss the impact of board service and business consulting on firms within their Target Market, and should detail their overall value-added (for example, in areas such as marketing and raising capital) to their investees.

**Credit Union Applicants** should discuss the extent, quality, and impact of their Development Services. All relevant types of service to members should be detailed.

**Bank Applicants** should discuss the extent, quality, and impact of their Development Services. All relevant types of services to customers should be detailed.

## **Delivery Capacity**

### **6. MARKET DEMAND**

Provide a narrative about the demand for your Financial Products, Development Services, and/or Financial Services within your Target Market.

1. Discuss and quantify the demand for your Financial Products, Development Services, and/or Financial Services within your Target Market.

2. Discuss the indicators used to determine the demand in the Target Market, such as market studies for specific products, trends in product deployment, and/or the number of applications/inquiries per month.
3. Describe why residents of your Target Market are not able to obtain the services they need from other financial institutions.
4. Describe the characteristics of your pipeline of borrowers that shows they are “ready” to borrow.
5. Discuss demand and how it will relate to your ability to deploy an FA award and the timeline for deployment.

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**TIPS:**

**Credit Union Applicants** should discuss the ratio of potential members to members, and the ratio of members to borrowers; they should also discuss the market for both Financial Products and Financial Services.

**Bank Applicants** should discuss the market for both Financial Products and Financial Services.

**Venture Capital Applicants** should discuss the market for investments (into VC funds), the market for firms seeking venture capital, and the market for different types of exits.

## **7. ORGANIZATIONAL CAPACITY**

Describe your organization’s track record in providing Financial Products, Development Services, and/or Financial Services.

1. Discuss your past activities, focusing on those specifically in which you serve clients in your Target Market. Wherever appropriate, use historic data from the Financial Activities Level Chart (Chart G) as support.
2. Discuss the underlying circumstances supporting your track record. For instance, relate growth patterns in the Target Market to explain the increased activities in the Financial Activities Level Chart. If you have experienced alternating periods of growth and decline, explain why this has occurred.
3. Discuss the impacts and outcomes that have resulted from your activities.
4. Discuss your ability to leverage funds, specifically awards you have received from the CDFI Program within the past three years.
5. Discuss projected activity levels and impacts. Include a discussion of the amount of leverage you are projecting to obtain with the CDFI Program proposed award.

6. Explain how you will expand or increase your activities if you receive a CDFI Program award is, including any additional financial or programmatic risks that may be related to the expansion.

Complete tables TA1 and TA2, briefly describing your management team and key staff. (Please include additional board or staff members, as needed.)

1. Describe the status of new or vacant positions, and your strategy for filling the positions, as well as the expected date of filling them.
2. List any key committees that are an integral part of your operations (for example, loan/investment committee, audit committee).

Describe your systems, policies, and procedures. Specifically, describe your:

1. **Underwriting process:** Describe your underwriting process and review criteria for each product. Address the roles and responsibilities for due diligence and the initial recommendation; also describe your process for making interest rate, risk level, and final loan decisions. Explain how your underwriting policies are responsive to the needs of the Target Market. For example, do you make accommodations for low credit scores or blemished credit histories? If so, how are these accommodations applicable to the Target Market? Provide an example illustrating these policies in practice.
2. **Portfolio review:** Discuss your methodology for portfolio review, including the role of your staff, your Governing Board, and/or your committee members. Describe when and how you conduct portfolio review. Describe how you address delinquencies and defaults in your portfolio.
3. **Management of financial accounts:** Discuss your management of financial accounts, and state whether you conduct annual audits. Describe your systems for tracking and reporting on the use of funds from public and private sources.
4. **Management Information System (MIS):** Describe your MIS, including software and other technology used for: underwriting, monitoring your portfolio monitoring, tracking your data and impact, and developing internal Financial Statements.

Describe your financial capacity.

1. Discuss your overall financial health and viability, capitalization, and portfolio performance.
2. Describe the type of Financial Statements included with the Application. If you provided anything less than the most recent three years of audited Financial Statements, or if you did not include your most recent tax return, explain why.
3. Explain any major discrepancies between key financial statement line items and corresponding entries in Chart H. Include information about any transactions (such as off-balance sheet lending or activities undertaken by affiliates) that remain unclear on Chart H.
4. Discuss whether you have sufficient financing capital to meet the current and projected level of demand for your Financial Products and/or Financial Services?

5. Discuss your cost of capital.
6. Discuss your operating budget. Discuss costs associated with program activity as opposed to management and administration.
7. Discuss each Financial Ratio from Chart H in terms of your financial soundness.
8. Discuss loan performance and/or equity investment performance, and discuss each MPS measure (from Chart I and/or Chart J) in terms of your capacity to manage your loan and/or investment portfolio.

- ▶ **SCORE: THE ORGANIZATIONAL CAPACITY SECTION IS WORTH A TOTAL OF 30 POINTS MAXIMUM. THIS INCLUDES THE COMBINED TOTAL FOR ALL FOUR COMPONENTS OF THE SECTION. A MINIMUM OF 10 POINTS FROM THE FOUR COMPONENTS COMBINED IS REQUIRED TO BE CONSIDERED FOR AN AWARD.**
- ▶ **TEXT LIMITS: THE ORGANIZATIONAL CAPACITY SECTION IS NOT TO EXCEED A TOTAL OF NINE PAGES FOR THE FOUR COMPONENTS COMBINED, EXCLUDING TABLES TA1 AND TA2.**

**TIPS:**

**All Applicants** should be aware that this section requests a great amount of information. Narrative space is limited, and applicants should carefully weigh which information is truly vital to describing their organizational capacity.

**Required Financial Data** You must submit financial statements for your three most recently completed fiscal years, as well as financial statements for the most recently completed quarter. If you have been in operation for less than three years, submit financial statements for as many years as you can. Please note:

- **If you are a Non-Regulated Applicant:** Submit audited or reviewed financial statements, including any associated notes to the financial statements. If audited or reviewed financial statements are not available, submit internally generated balance sheets (statements of financial position) and Income and Expense Statements (statements of activities), and respond in question 7. Submit internal financial statements for the most recently completed quarter. Also submit your most recently-filed tax return.
- **If you are an Applicant with an Affiliate(s):** Submit a separate set of internally generated financial statements for your organization if your audited financial statements are consolidated with the statements of your Affiliate(s) and do not include separate schedules of your financial position and Income and Expense Statements,
- **If you are an Insured Credit Union, Insured Depository Institution or Depository Insured Holding Company:** In addition to audited financial statements, submit Financial Performance Ratios (FPR) as reported by your appropriate federal regulating

agency for the last three completed fiscal years. Regulator reports include the National Credit Union Administration Form 5300 or Uniform Bank Performance Report. Submit only the financial ratio summary pages rather than the complete reports. If you are a regulated entity, enter key ratios from your Call Reports directly into the Financial Information Tables.

**Financial Data Tables** You are required to complete the Financial Data Tables (Chart H). This information allows the CDFI Fund to evaluate your organization’s safety and soundness, projected financial health, and portfolio performance.

There are data tables specific to non-regulated applicants, credit unions, and banks/thrifts/holding companies. For non-regulated entities, the CDFI Fund will calculate key financial ratios. For regulated entities, the CDFI Fund requires key ratios found on the respective Call Reports. Regulated entities must provide information as to the applicable MPS that is held by its regulator.

| <b>Financial Ratio Minimum Prudent Standards (MPS)</b>  |   |
|---|---|
| <b>Measure</b>  | <b>Non-Regulated CDFIs</b>  |
| <b>Capital</b><br>Measures the underlying financial strength of an Applicant and whether it has sufficient cushion of assets to cover unexpected losses. The capital ratio identifies the percentage of the CDFI’s total assets unencumbered by debt. | <b>Net Asset Ratio <math>\geq .20</math></b><br>Net Assets divided by Total Assets  |
| <b>Deployment</b><br>Measures how much of the Applicant’s available funds is lent out or invested.  | <b>Deployment Ratio <math>\geq .50</math></b>   |
| <b>Earnings</b><br>Measures whether the Applicant is earning sufficient revenue to cover its expenses.  | <b>Net Income <math>\geq \\$0</math></b><br>Gross Revenues (including grants or other contributions) less Total Expenses. For-profit Applicants should deduct total pre-tax expenses from Total Revenue.  |
| <b>Earnings</b><br>Measures whether the Applicant is earning sufficient revenue to cover its expenses.  | <b>Earnings Ratio</b><br>There is no MPS for this measure; explain the ratio in the narrative.  |
| <b>Self-Sufficiency</b><br>Measures the percentage of operating costs a CDFI can cover with earned revenue.   | <b>Self-Sufficiency Ratio = <math>\geq .40</math> (non-profit) <math>\geq .70</math> (for-profit)</b>   |
| <b>Operating Liquidity</b><br>Measures whether the Applicant has sufficient cash to cover at least three months of operating expenses. The operating ratio reports the availability of cash to cover short-term operating expenses.                   | <b>Operating Liquidity Ratio= 1.00</b><br>Cash and Cash Equivalents that are not restricted in a manner that prevents their use in satisfying obligations represented by operating expenses DIVIDED BY 25% of total operating expenses for the four most recently completed quarters. |
| <b>Asset-Liability Management</b><br>Measures whether the structure of the Applicant’s debt is appropriate for its financial products.  | <b>Current Ratio = 1.25</b><br>Current assets divided by current liabilities.   |

**TIPS:**

Failure to meet any of the historic and/or projected MPS will not necessarily prevent you from receiving an FA or TA award. However, you must explain why you believe your organization is financially sound despite its not meeting the MPS.

The following chart outlines the MPS for each of three portfolio management ratios: Portfolio-at-Risk (PAR), Annual Net Loan Loss Ratio, and Loan Loss Reserves (LLR) or Provision for Losses.

| <b>Loan Portfolio Quality Minimum Prudent Standard (MPS) for Non-Regulated Entities</b> |                                |                                   |   |
|---|--------------------------------|-----------------------------------|---|
| <b>Product Grouping</b>   | <b>Portfolio-at-Risk (PAR)</b> | <b>Annual Net Loan Loss Ratio</b> | <b>Loan Loss Reserves (LLR) Or Provision for Losses</b>   |
| Affordable Housing-First Lien   | ≤ 7.00%                        | ≤ 1%                              | Loan Loss Reserves are expected to be no less than half the actual Portfolio-at-risk and no more than one and a half times the actual portfolio at risk: .5 PAR ≤ LLR ≤ 1.5 PAR |
| Affordable Housing-Subordinate Lien   | ≤ 7.00%                        | ≤ 3%                              |   |
| Business  | ≤ 10.00%                       | ≤ 5%                              |   |
| Consumer and Micro-enterprise   | ≤ 12.00%                       | ≤ 9%                              |   |
| Overall MPS   | ≤ 15.00%                       | Narrative Only                    |   |

**7A. ACTION PLAN FOR FINANCIAL HEALTH AND VIABILITY (IF APPLICABLE)**

This narrative is optional. Complete it only if you meet any of the following conditions:

- If you fail two or more Minimum Prudent Standards on Chart H, Financial Data, provide a detailed description of steps taken to address risks to organizational financial soundness.
- If you are a regulated entity and have been subject to a Prompt Corrective Action plan or similar plan by your regulator any time during the past 24 months, provide a detailed description of the circumstances behind this and steps taken to address deficiencies.
- If you received anything other than an unqualified opinion in any of the three most recent audits or you received findings such as material weaknesses or reportable conditions, provide a detailed explanation of steps taken to address them.

► **TEXT LIMIT: NOT TO EXCEED ONE PAGE.**

**7B. ACTION PLAN FOR PORTFOLIO MANAGEMENT ( IF APPLICABLE)**

This narrative is optional. Complete it only if you meet any of the following conditions:

- If you fail the Minimum Prudent Standards for Delinquency or Net Write-Offs on Chart I, Loan Portfolio Quality (or report a negative rate of return on equity investments on Line G of Chart J, Equity Investment Portfolio Valuation), provide a detailed description of steps taken to address risks to loan (investment) quality.
- If you received any findings related to portfolio quality or management in any of the three most recent audits, provide a detailed explanation of steps taken to address them.

▶ **TEXT LIMIT: NOT TO EXCEED ONE PAGE.**

**TIPS:**

**All Applicants** should be aware that questions 7A and 7B are optional. These spaces are provided for Applicants who need additional narrative space to discuss the particular challenges they face and to elaborate on the steps they have taken to overcome these challenges.

## **Performance on Past Awards (If Applicable)**

### **8. PRIOR AWARDEES**

If your organization or your Affiliate has received an award under any of the CDFI Fund's programs between FY 2006-2009, discuss the extent to which the Applicant has been successful in meeting performance goals and reporting requirements.

**If you are a previous FA Awardee:** At any time during the performance period, did you fail to meet a performance measure or a financial soundness covenant? If yes, explain:

- What caused the failure.
- How the issues leading to the failure have been addressed and/or resolved.

Also, if you are a previous FA Awardee and are requesting FA for the same type of activities, please explain if the projected activity levels coincide with the previous award's level of activity.

**If you are a previous TA Awardee:** If a previous TA award was to assist you become a certified CDFI, but you did not become certified, explain why.

▶ **SCORE: NOT SCORED; NARRATIVE RESPONSE WILL BE USED AS PART OF THE COMPLIANCE REVIEW PROCESS.**

▶ **TEXT LIMIT: NOT TO EXCEED ONE PAGE.**

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# MATCHING FUNDS

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## WHO MUST COMPLETE THIS SECTION:

THIS SECTION IS OPTIONAL FOR ALL FA APPLICANTS.

## IS THERE ANYTHING IN THIS SECTION THAT MAY CAUSE YOUR APPLICATION TO BE REJECTED IF YOU MISS IT?

Matching Funds documentation is optional at the time of submission. However, the CDFI Fund may require documentation during its review process. If the CDFI Fund asks you to provide matching fund documentation, you will be given 30 days to submit it. If you do not submit the documentation within 30 days, your FA request may be denied.

## THINGS TO NOTE:

- Matching Fund requirements are different for SECA and Core Applicants. TA Grants do not require Matching Funds.

## Introduction

The purpose of this part of the guide is to help you to submit information about Matching Funds. It also explains some of the basic guidelines governing Matching Funds.

## Basic Guidelines

Matching Funds are required for all FA awards but are not required for TA grants. Matching Funds are subject to certain guidelines, including the following:

- **Potential waiver of Matching Funds requirements:** Congress waived the Matching Funds requirements for the FY 2010 funding round, and may waive them again for the FY 2011 Funding Round. However, as of the publication date of the NOFA, Congress has not enacted a waiver into law. As a result, the CDFI Fund encourages all Applicants to include Matching Funds documentation as instructed in the Application. If the Matching Funds waiver is enacted in the future, the CDFI Fund will not consider Matching Funds documentation. However, Matching Funds documentation is optional and the CDFI Fund **will review** applications that do not include Matching Funds documentation.
- **Opportunity to provide Matching Funds documentation at a later date:** If the Matching Funds requirement is **not** waived, Applicants that have not included Matching Funds documentation will be provided a **30-day window** to submit the documentation. The CDFI Fund will provide additional information about this process if and when it opens the 30-day window. Applicants who do not supply Matching Funds documentation run the risk of being determined ineligible for funding under the FY 2011 Funding Round if the Matching Funds waiver is not enacted.

- **Matching Funds window:** The CDFI Fund will consider Matching Funds In-Hand (received) or Firmly Committed on or after January 1, 2009, and on or before March 14, 2012, when determining Matching Funds eligibility.
- **Failure to obtain the projected Matching Funds:** If an Applicant fails to obtain the required Matching Funds In-Hand by March 14, 2012 (and the CDFI Fund does not receive the documentation of the receipt to by March 31, 2012), the CDFI Fund reserves the right: (1) to rescind all or a portion of an FA award and re-allocate the rescinded award amount to other qualified Applicants or (2) to grant an extension of the Matching Funds deadline..
- **Comparable form:** The Matching Funds you obtain must be at least comparable in form and value to the FA award provided by the CDFI Fund. For example, if you seek an FA grant from the CDFI Fund, you must obtain Matching Funds through grants from non-Federal sources and the amount of the grants must be at least equal to the amount you request from the CDFI Fund. If you seek a loan or a deposit from the CDFI Fund, the terms of the loan or deposit the CDFI Fund provides will be determined by the terms of your Matching Funds. Thus, if you request a 10-year loan at 2 percent interest and with interest-only payments, you must match the request with a loan with the same terms. If you use several loans with different terms and rates as Matching Funds for a loan, the CDFI Fund will calculate a blended term and rate for the loan portion of the its FA award.
- **Non-Federal sources:** Your Matching Funds must come from sources other than the Federal government and, regardless of the source, must consist of non-Federal funds. Community Development Block Grant Program funds and other funds provided under the Housing and Community Development Act of 1974, as amended, are considered Federal government funds and cannot be used as Matching Funds.
- **Previously used Matching Funds:** If you have funds that you have used as Matching Funds for a prior Award under the CDFI Program or another Federal grant or award program, you cannot use them to satisfy the Matching Funds requirement for this FA request. If you want to use funds from another organization that has received a prior Award under the CDFI Program as your Matching Funds, the CDFI Fund will consider those funds to be Federal funds, unless the organization that provided them to you can demonstrate to the CDFI Fund that the funds do not consist of CDFI Program funds or other Federal funds. If you use Matching Funds from an Affiliate entity, you must be able to demonstrate that the Affiliate entity received the same amount from an eligible, non-Affiliate source within the eligible Matching Funds window, described above.

## Matching Funds Data Chart

The Matching Funds Data Chart is Chart A in the Application Charts Excel Workbook. It is used to provide information on Matching Funds In-Hand, Firmly Committed, and To Be Raised that is current when you submit your Application. Before you complete the chart, be sure to:

- Carefully read the instructions for the chart (below) and study the Sample Completed Chart.

- Read the Matching Funds guidance available on the CDFI Fund’s Web site at [www.cdfifund.gov](http://www.cdfifund.gov).
- Gather all the documentation required so that you will have the dates, amounts, and other data on hand.

You are required to complete the chart. If you are a Category I/SECA Applicant, you may identify Matching Funds To Be Raised. If you are a Category II/Core Applicant, you must have all Matching Funds In Hand or Committed.

## Documentation of Matching Funds

Please see the following table for the type of documentation you must provide, depending on the form of your Matching Funds.

| Matching Funds Documentation |                    |   |
|------------------------------|--------------------|---|
| Form of Match                | Type of Match      | Type of Documentation*  |
| Funds In-hand                | Grants             | <b>\$500,000 or more:</b> Signed copies of grant transmittal letters, grant agreements, and a letter from the match source indicating the grant amount and the purpose of the grant.  |
|                              |                    | <b>Less than \$50,000:</b> List the grant source, amount, date, and source contact data in the Matching Funds Data Chart A.   |
|                              |                    | <b>Less than \$5,000 or less:</b> Record the total amount of your small contributions as a single entry in the Matching Funds Data Chart A and type “Small Contributions” in the “Name of Source” column. You must also provide a separate list with the names of the donors and contributors, and the date and amount of each contribution.  |
|                              | Loans              | Signed copies of promissory notes and loan agreements.  |
|                              | Equity investments | Signed copies of stock certificates, subscription agreements, and private placement memoranda.  |
|                              | Deposit/shares     | Signed copies of certificates of deposit or share certificates.   |
|                              | Secondary capital  | Signed copies of the secondary capital agreement and the Disclosure and Acknowledgement Statement.  |
|                              | Retained earnings  | See the special section below explaining how to use Retained Earnings as Matching Funds.  |
| Funds Firmly Committed       |                    | For each source, provide written documentation showing that you have entered into or received a legally binding commitment from the Matching Funds source and that the Matching Funds have been committed and are to be disbursed to you. Such documentation may include loan agreements, promissory notes, or grant agreements. The documentation must be in writing, and must be signed and dated by the funder. It must also indicate that the funder is providing the Matching Funds to you, and that the funds correspond in form to the FA you have requested (that is, a grant for a grant, a loan for a loan). Finally, the documentation must indicate the |

| Matching Funds Documentation  |  |   |
|---|--|---|
|   |  | date by which the Matching Funds will be disbursed to you. Commitments may be contingent upon receipt of a FA award and other circumstances deemed reasonable by the CDFI Fund. |
| Funds To Be Raised (SECA Applicants)  |  | Submit letters of interest from potential funders or documentation demonstrating the likelihood of raising Matching Funds by March 14, 2012.                                    |
| *Acceptable evidence that the Matching Funds were disbursed to you includes: 1) a copy of the check; 2) a copy of the wire transfer transaction; or 3) another disbursement document deemed acceptable by the CDFI Fund |  |   |

**TIPS:**

Be sure to note the following when organizing your Matching Funds documents:

- You must submit all Matching Funds documentation electronically, through MyCDFI Fund. You may need to scan your original documents and upload the scanned files.
- You should submit all Matching Funds as a single attachment.
- You should clearly label your Matching Funds documentation as “Match Doc” or a similar file name.
- You should provide a cover sheet listing each Matching Funds source, date, and amount.
- You should separate all Matching Funds documentation by source with page breaks/dividers and numbered in accordance with the cover sheet
- You should attach Matching Funds letters and agreements to related disbursement checks or wire transfer documentation.
- You should identify Matching Funds with multiple disbursements with a notation such as: “Disbursement 3 of 4, original letter or agreement dated June 13, 2009.”
- You are required to submit grant letters and checks only for grants equal to or greater than \$50,000.
- For each grant contribution less than \$50,000, you should list the grant source, amount, date, and source contact data in Matching Funds Data Chart A.
- You should provide a list of small grants (\$5,000 or less), which includes the each grantor’s name, and the date and amount of the grants.

**Using Retained Earnings for Matching Funds**

You may use earnings retained from your operations to match a request for a grant from the CDFI Fund. This section explains some of the main restrictions to which Applicants proposing to meet all or a portion of their Matching Funds requirements by using Retained Earnings are subject.

The method by which Retained Earnings are to be calculated is specified by the CDFI Fund in the NOFA, the Application, and related guidance materials. Please note that Retained

Earnings accumulated after the most recent fiscal year ending prior to the Application deadline cannot be used as Matching Funds.

If you want to use Retained Earnings as Matching Funds, you must complete the Retained Earnings Chart appropriate for your organization type. The Matching Funds Retained Earnings Calculators are labeled as worksheets B1, B2, and B3 in the Excel Charts Workbook. In addition, you must list Retained Earnings as a Matching Funds source in Chart A. Enter "Retained Earnings" in the "Name of Source" column and select "Grant" from the drop down list under the "Type" column.

**Eligible Retained Earnings for All Applicants Except Insured Credit Unions:** For Applicants other than Insured Credit Unions (ICUs), the Retained Earnings that may be used for Matching Funds may consist of:

- **Option 1** - The increase in Retained Earnings (meaning, operating income minus operating expenses less any dividend payments) that occurred over the Applicant's most recent fiscal year (for example, Retained Earnings at the end of FY 2009 less Retained Earnings at the end of FY 2008); or
- **Option 2** - The annual average of the increases in Retained Earnings that have occurred over the Applicant's three most recent fiscal years.

If you are a for-profit Applicant, complete Chart B1 or B3, as appropriate, using your unconsolidated audited Financial Statements.

If you are a nonprofit Applicant (other than an ICU), complete Chart B1 using your Financial Statements.

**Eligible Retained Earnings for ICU Applicants** For Applicants that are ICUs (including State-Insured Credit Unions), Retained Earnings that may be used for Matching Funds purposes may consist of:

- **Option 1** - The increase in Retained Earnings that has occurred over the Applicant's most recent fiscal year;
- **Option 2** - The annual average of the increases in Retained Earnings that have occurred over the Applicant's three most recent fiscal years; or
- **Option 3** - The entire Retained Earnings that the Applicant has accumulated since its inception, provided the Applicant increases its Member and/or Non-Member Shares or total loans outstanding by an amount equal to the amount of Retained Earnings committed as Matching Funds by the end of the Awardee's second performance period, as set forth in its Assistance Agreement.

Please note that the CDFI Fund will assess the likelihood of this increase during its review process. An award will not be obligated to any Applicant that has not demonstrated that it has increased shares or loans by at least 25 percent of the requested FA award amount between December 31, 2009 and December 31, 2010 as demonstrated by its corresponding NCUA report.

If you are an ICU Applicant, complete Chart B2 using your NCUA 5300 Call Report. If you are using Option 3, complete the chart, including the narrative explaining your methodology

for increasing your total shares or loans. The CDFI Fund will verify the amounts entered in the data portion of the chart using your NCUA 5300 Call Report. If you are chosen to receive an award, the CDFI Fund will confirm the projected increase in Total Member and/or Non-Member Shares or total loans using your NCUA 5300 Call Report for the appropriate fiscal year. The baseline level of Member/Non-Member Shares or loans outstanding will be calculated as of December 31, 2009.

## Instructions for Filling Out the Matching Funds Data Chart

You identify the Matching Funds by entering one Matching Fund transaction on each row of the Data Chart. Each payment or expected payment should be recorded as a separate transaction. Therefore, if one grant is being distributed in three different installments, your chart should include three different rows, one corresponding to each payment date.

If you propose to use Retained Earnings as a source of Matching Funds, you must complete the Retained Earnings Calculator and submit it with the Excel Workbook linked to the Application. Follow the instructions below for information on what to enter in each column.

- **Name of Source:** Enter the name or other identifier for each unique match source.
- **Type:** Select an option from the dropdown list in the table. See more information about each type (Loan, Grant, etc.) in the Matching Funds Q&A document.
- **Amount [3 columns]:** Enter the amount under the column corresponding to the status of the match: In-Hand, Committed, or To Be Raised.
- **Date:** Enter a date corresponding to the status of the match. All dates must be on or after January 1, 2009, and on or before March 14, 2012.
  - For Matching Funds In-Hand, use the Final Disbursement Date.
  - For Matching Funds Committed, use the Date on Commitment Letter
  - For Matching Funds To Be Raised, use the Expected Date of Final Disbursement.
- **Comments & Contact Data:** If the Matching Funds are from a state and/or local government agency, you are required to provide the contact name, title, and phone number of the Matching Funds source in the Comments/Contact column. Use the same column for any additional comments relevant to the Matching Funds.

| A. Sample - Matching Funds Summary      |       |                |                  |                     |            |  |
|---|-------|----------------|------------------|---------------------|------------|--|
| Name of Source                          | Type  | Amount In-Hand | Amount Committed | Amount to be Raised | Date       | Comments & Contact Data                                    |
| Small Contributions:<br>Fall Fundraiser | Grant | 50,000         |                  |                     | 9/12/2009  | 123 donations, each less than \$1,000.                     |
| ABC Foundation                          | Grant | 100,000        |                  |                     | 8/7/2009   | ACH transfer, payment #1 of 2 on \$1.5 million commitment. |
| ABC Foundation                          | Grant |                | 1,400,000        |                     | 12/31/2009 | ACH transfer, payment #2 of 2 on \$1.5 million commitment. |
| VLL Foundation                          | Grant |                |                  | 90,000              | 10/1/2011  |  |

**A. Sample - Matching Funds Summary**

|   |                   |                  |                  |                |            |                                   |
|---|-------------------|------------------|------------------|----------------|------------|-----------------------------------|
| Small Contributions : Spring Fundraiser | Grant             |                  |                  | 154,689        | 4/1/2011   |                                   |
| Mars Foundation                         | Grant             |                  | 10,000           |                | 12/31/2009 |                                   |
| McKay Foundation                        | Loan              |                  | 50,000           |                | 12/1/2009  |                                   |
| Nat'l CU Foundation                     | Secondary Capital | 50,000           |                  |                | 8/1/2010   |                                   |
| Baltimore County Gov't                  | Grant             | 85,000           |                  |                | 12/20/2009 | John Doe, Director; 401-222-2222. |
| Bank One                                | Deposits/Shares   | 1,000,000        |                  |                | 4/12/2009  |                                   |
| Retained Earnings                       | Grant             | 50,000           |                  |                | 12/31/2009 | See Matching Funds Calculator     |
| <b>Totals</b>                           |                   | <b>1,335,000</b> | <b>1,460,000</b> | <b>244,689</b> |            |                                   |

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# ADDITIONAL INFORMATION

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## **WHO MUST COMPLETE THIS SECTION:**

- ALL APPLICANTS MUST REVIEW THIS SECTION.

## **IS THERE ANYTHING IN THIS SECTION THAT MAY CAUSE MY APPLICATION TO BE REJECTED IF I MISS IT?**

- No; this section contains additional information of interest to Applicants.

## **THINGS TO NOTE:**

- In certain cases, the CDFI Fund will allow a limited window of two business days to submit some piece of missing documentation including a missing Environmental Review Form.

## **Introduction**

This part of the guide outlines what happens after you submit your Application. It explains how the CDFI Fund reviews Applications and selects Awardees.

## **Application Review**

After you submit your Application, the CDFI Fund will determine whether it was submitted by the deadline and whether it is complete. If the Application was submitted on time and is complete, the CDFI Fund will then determine whether it meets the basic eligibility requirements. If the Application is found to be eligible, the CDFI Fund will perform a two-part substantive review in accordance with the criteria and procedures described in the NOFA and this Application.

## **Application Scoring**

The CDFI Fund will evaluate the CBP on a 100-point scale and assign points for each of the five sections. You must achieve a minimum score in each section to be considered for an award.

After the CDFI Fund evaluates your CBP and establishes a base score, it will look at whether you have previously received funding through any CDFI Fund program. If you have received funding, the CDFI Fund may deduct points:

- If you failed to meet the performance goals, financial soundness covenants, reporting deadlines, or other requirements set forth in your assistance or award agreement with

the CDFI Fund during the two complete fiscal years (usually FY 2008 and FY 2009) prior to the Application deadline,;

- If you failed to make timely loan payments to the CDFI Fund during the two complete fiscal years prior to the Application deadline (if applicable);
- If your performance on any prior Assistance Agreement raises questions about your ability to carry out its Comprehensive Business Plan; and
- FA deobligated from a FY 2007, FY 2008 or FY 2009 award (for FA Applicants) if:
  - The amount of deobligated funds is at least \$200,000; and
  - The deobligation occurred subsequent to the expiration of the period of funds availability (generally, after September 30th following the year in which the award was made).

As part of the review process, the CDFI Fund may meet with you or contact you by telephone or e-mail to obtain information to clarify some aspects of your Application. If you are asked to submit additional information to assist the CDFI Fund in its evaluation process, you must respond to the request within the time parameters set by the CDFI Fund. More information about the review process is available in the NOFA.

## **Ranking Applications and Selecting Awardees**

After completing the follow-up review, the CDFI Fund will rank the Applications by their scores, from highest to lowest. TA Applicants will be ranked in separate categories for Category I/SECA Applicants and Category II/Core Applicants.

The CDFI Fund will make its final award selections based on the rankings of the Applicants and on the amount of funds available. In addition, the CDFI Fund may consider the institutional and geographic diversity, including geographic areas of distress, of Applicants when making its funding decisions.

## **Notifying Awardees**

For the FY 2011 funding round, the CDFI Fund will notify each Applicant of its award decision (positive or negative) via an e-mail to the Applicant's designated Authorized Representative.

An Applicant selected for an award will access the award information through its MyCDFI Fund account. In order to receive the proceeds of the award, the Applicant must enter into an Assistance Agreement with the CDFI Fund. Only the Applicant's MyCDFI Fund account administrator can access the award information.

## **MyCDFI Fund Accounts**

MyCDFI Fund is the primary vehicle through which the CDFI Fund communicates with its constituent awardees and applicants. It allows users to update contact information, including addresses and e-mail addresses, as staff changes occur. Please note that submitting data through MyCDFI Fund does not automatically create a MyCDFI Fund account for an

Applicant. You must establish a personal and organization account by clicking on the link entitled "Log onto MyCDFI Fund" from the CDFI Fund's Web site, [www.cdfifund.gov](http://www.cdfifund.gov).

The CDFI Fund communicates all decisions concerning Applications through e-mails established in the MyCDFI Fund accounts. Because an Applicant will be notified via e-mail, it is essential that the e-mail addresses identified in the SF-424 and Signature page documents match the ones provided in the MyCDFI Fund account. If your e-mail system has a spam blocker function, please ensure that the CDFI Fund's main e-mail addresses ([cdfihelp@cdfi.treas.gov](mailto:cdfihelp@cdfi.treas.gov), [cme@cdfi.treas.gov](mailto:cme@cdfi.treas.gov)) are listed as acceptable sources. Otherwise, you may not receive the award notification e-mail.

## **Organizations Not Selected for Awards**

The CDFI Fund may reject or decline an Application at any one of three phases of the Application process. First, at the Application deadline phase, the CDFI Fund will reject an Application if it is received late. Second, at the completeness and eligibility review phase, the CDFI Fund will reject an Application if it is found to be incomplete or ineligible. The CDFI Fund will notify an Applicant declined for one or both of these reasons by e-mail, usually within a month of the Application deadline.

Third, at the Application review stage, the CDFI Fund may decline an Applicant for substantive reasons (for example, a low score resulting from a poorly presented CBP). The CDFI Fund will notify an Applicant declined for substantive reasons via e-mail shortly after the awards are announced, usually by late September 2011.

## **Award Closing and Reporting**

Upon being notified of their awards, all Awardees must enter into an Assistance Agreement with the CDFI Fund. FA Awardees enter into a three-year Assistance Agreement, and TA Awardees enter into a two-year Assistance Agreement. The Assistance Agreement is a contract that outlines the terms of the award, including the expectations that the Awardee will provide reports and remain in compliance.

Once the Assistance Agreement has been signed, the CDFI Fund will authorize the award disbursement. The CDFI Fund disburses FA awards based on the Matching Funds documentation in hand at the time of award closing. The CDFI Fund disburses TA awards in one lump sum upon closing.

The CDFI Fund will collect extensive information from Awardees on at least an annual basis. The information collected will include:

- Annual reports related to the Awardee's compliance with the performance goals and measures set forth in the Assistance Agreement;
- Audited or reviewed Financial Statements;
- Information about the use of FA and Matching Funds; and
- Other information the CDFI Fund may require, including transaction-level data.

The CDFI Fund reserves the right to modify its reporting requirements when necessary, but modify the requirements only after notifying Awardees.

### **For Additional Information**

Please be aware that the FY 2011 CDFI Program NOFA contains additional information not contained in this Application. The CDFI Fund strongly encourages you to thoroughly review the NOFA before you begin your Application. The NOFA provides extensive information and detailed guidance on a wide variety of topics, including compliance and eligibility factors that are especially relevant to prior Awardees and Allocatees. You may download the NOFA from the CDFI Fund's Web site at [www.cdfifund.gov](http://www.cdfifund.gov).

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# ENVIRONMENTAL AND LEGAL CERTIFICATIONS

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## **WHO MUST COMPLETE THIS SECTION:**

- ALL APPLICANTS MUST COMPLETE THIS SECTION

## **IS THERE ANYTHING IN THIS SECTION THAT MAY CAUSE YOUR APPLICATION TO BE REJECTED IF YOU MISS IT?**

- Your Application may be rejected if you fail to submit all of the required forms.

## **THINGS TO NOTE:**

- In certain cases, the CDFI Fund will allow you a limited window of two business days to submit missing documentation, including a missing Environmental Review Form.

## Environmental Review Form

Applicant Name: \_\_\_\_\_

The CDFI Fund’s environmental review requirements are set forth in 12 CFR Part 1815. The Applicant should review such regulations carefully before completing this section. In order to assure compliance with those regulations and other requirements related to the environment, the Applicant shall provide the following information:

|  | YES   | NO    |
|--|-------|-------|
| 1. Are there any actions proposed in the Application that do not constitute a “categorical exclusion” as defined in 12 CFR 1815.110? | _____ | _____ |
| If YES, would any of these actions normally require an environmental impact statement (see 12 CFR 1815.109)?                         | _____ | _____ |
| 2. Are there any activities proposed in the Application that involve:  |       |       |
| (a) Historical or archeological sites listed on the National Register of Historic Places or that may be eligible for such listing?   | _____ | _____ |
| (b) Wilderness areas designated or proposed under the Wilderness Act?  | _____ | _____ |
| (c) Wild or scenic rivers proposed or listed under the Wild and Scenic Rivers Act?   | _____ | _____ |
| (d) Critical habitats of endangered or threatened species?   | _____ | _____ |
| (e) Natural landmarks listed on the National Registry of Natural Landmarks?  | _____ | _____ |
| (f) Coastal barrier resource systems?  | _____ | _____ |
| (g) Coastal Zone Management Areas?   | _____ | _____ |
| (h) Sole Source Aquifer Recharge Areas designated by EPA?  | _____ | _____ |
| (i) Wetlands?  | _____ | _____ |
| (j) Flood plains?  | _____ | _____ |
| (k) Prime and unique farmland?   | _____ | _____ |
| (l) Properties listed or under consideration for listing on the Environmental Protection Agency’s List of Violating Facilities?      | _____ | _____ |

If YES to any of the above questions, attach a detailed description of each action, clearly identifying the category in which the action falls.

**NOTIFICATION**

As stated in 12 CFR 1815.105, if the CDFI Fund determines that the Application proposes actions which require an environmental assessment or an environmental impact statement, any approval and funding of the Application will be contingent upon:

1. The Applicant supplying to the CDFI Fund all information necessary for the CDFI Fund to perform or have performed any required environmental review;
2. The Applicant not using any CDFI Fund Financial Assistance to perform any of the proposed actions in the Application requiring an environmental review until approval is received from the CDFI Fund; and
3. The outcome of the required environmental review.

In addition, as stated in 12 CFR 1815.106, if the CDFI Fund determines that an Application, or any part thereof, is not sufficiently definite to perform a meaningful environmental review prior to approval of the Application, final approval and funding of the Application shall require supplemental environmental review prior to the taking of any action directly using CDFI Fund Financial Assistance for any action that is not a categorical exclusion.

## Assurances And Certifications

Signing the certification on SF 424 certifies that the Applicant will comply with the Assurances and Certifications listed below if an award is made. Certain of these Assurances and Certifications may not be applicable to the Applicant. An Applicant may not modify any of the Assurances and Certifications.

### A. Standard Form 424B: Assurances -- Non-Construction Programs

As the duly authorized representative of the Applicant, I certify that the Applicant:

Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this Application.

Will give the awarding agency, the Comptroller General of the United States, and if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.

Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.

Will initiate and complete the work (activities in Application) within the applicable timeframe after receipt of approval of the awarding agency.

Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. 4728-4763) relating to prescribed standards for merit systems for programs funded under one of the nineteen statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 CFR 900, Subpart F).

Will comply with all Federal statutes relating to non-discrimination.

These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L.88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C.1681-1683, 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C.794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C.6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as

amended, relating to non-discrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L.91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) Sections 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. 290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C.3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which Application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statutes which may apply to the Application.

Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.

Will comply with the provisions of the Hatch Act (5 U.S.C.1501-1509 & 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. 276a to 276a-7), the Copeland Act (40 U.S.C. 276c and 18 U.S.C. 874), and the Contract Work Hours and Safety Standards

Act (40 U.S.C. 327-333), regarding labor standards for federally assisted construction subagreements.

Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.

Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L.91-190) and Executive Order 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.); (f) conformity of Federal actions to State Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. 7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended, (P.L.93-523); and (h) protection of endangered species under the Endangered Species Act of 1973, as amended, (P.L.93-205).

Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.

Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. 469a-1 et seq.).

Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.

Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. 2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.

Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4801 et seq.) which prohibits the use of lead based paint in construction or rehabilitation of residence structures.

Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act of 1984.

Will comply with all applicable requirements of all other Federal laws, executive orders, regulations and policies governing this program.

### B. Additional Certifications

In addition to the assurances and certifications provided by the Applicant pursuant to OMB Standard Form 424B, the Applicant hereby assures and certifies that:

It is duly organized and validly existing under the laws of the jurisdiction in which it was incorporated or otherwise established, and is (or within 30 days will be) authorized to do business in any jurisdiction in which it proposes to undertake activities specified in this Application;

Its Board of Directors (or similar governing body) has by proper resolution or similar action authorized the filing of this Application, including all understandings and assurances contained herein, and directed and authorized the person identified as the authorized representative of the Applicant to act in connection with this Application and to provide such additional information as may be required;

It will comply with all applicable requirements of the Community Development Banking and Financial Institutions Act of 1994 (the Act) [12 U.S.C. 4701 et seq.], regulations implementing the Act and all other applicable Department of the Treasury regulations and implementing procedures (and any regulations or procedures which are later promulgated to supplement or replace them);

It will comply, as applicable and appropriate, with the requirements of OMB Circulars (e.g., A-110 and A-133) and any regulations and circulars which are later promulgated to supplement or replace them, including standards for fund control and accountability;

It has not knowingly and willfully made or used a document or writing containing any false, fictitious or fraudulent statement or entry as part of this Application or any related document, correspondence or communication. (The Applicant and its authorized representative should be aware that, under 18 U.S.C. 1001, whoever knowingly and willfully makes or uses such document or writing shall be fined or imprisoned for not more than five years, or both); and

The information in this Application, and in these assurances and certifications in support of the Application, is true and correct to the best of the Applicant's knowledge and belief and the filing of this Application has been duly authorized.

**C. Certification Regarding Debarment, Suspension, and Other Responsibility Matters -- Primary Covered Transactions: Instructions for Certification**

By signing and submitting this Application, the prospective primary participant (the Applicant) is providing the certification set out below.

The inability of a person to provide the certification required below will not necessarily result in the denial of participation in this covered transaction. The prospective Applicant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the Fund's determination whether to enter into this transaction (approval and funding of the Application). However, failure of the Applicant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

This certification is a material representation of fact upon which reliance is placed when the CDFI Fund determines to enter into this transaction. If it is later determined that the Applicant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the CDFI Fund may terminate this transaction for cause or default.

The Applicant shall provide immediate written notice to the CDFI Fund if at any time the Applicant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

The terms "covered transactions," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal", and "voluntarily excluded," as used in this clause (certification), have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the CDFI Fund for assistance in obtaining a copy of those regulations (31 CFR part 19).

The Applicant agrees by submitting this Application that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the CDFI Fund.

The Applicant further agrees by submitting this Application that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," to be provided by the CDFI Fund, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions (see 31 CFR part 19, Appendix B).

A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.

Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the CDFI Fund may terminate this transaction for cause or default.

**D. Certification Regarding Debarment, Suspension, and Other Responsibility Matters -- Primary Covered Transactions**

The prospective primary participant (the Applicant) certifies to the best of its knowledge and belief, that it and its principals:

- (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) have not within a three-year period preceding this Application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
- (d) Have not within a three-year period preceding this Application had one or more public transactions (Federal, State or local) terminated for cause or default.

Where the Applicant is unable to certify to any of the statements in this certification, such Applicant shall attach an explanation to this proposal.

**E. Certification Regarding Drug-Free Workplace Requirements**

The Applicant certifies that it will provide a drug-free workplace by:

- (a) publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employee for violations of such prohibition;
- (b) establishing a drug-free awareness program to inform employees about:  
the dangers of drug abuse in the workplace;  
the Applicant's policy of maintaining a drug-free workplace;  
any available drug counseling, rehabilitation, and employee assistance program;  
the penalties that may be imposed upon employees for drug abuse violations occurring in the workplace
- (c) making it a requirement that each employee to be engaged in the performance of the award be given a copy of the statement required by subparagraph (a);
- (d) notifying the employee in the statement required by subparagraph (a) that, as a condition of employment in such grant, the employee will:  
abide by the terms of the statement; and  
notify the employer of any criminal drug use statute conviction for a violation occurring in the workplace no later than five calendar days after such conviction;
- (e) notifying the granting agency in writing, within ten calendar days after receiving notice of a conviction under subparagraph (d) (ii) from an employee or otherwise receiving actual notice of such conviction;
- (f) taking one of the following actions, within 30 days of receiving notice under subparagraph (d)(ii), with respect to any employee who is so convicted:  
taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or  
requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency; and

- (g) making a good faith effort to continue to maintain a drug-free workplace through implementation of subparagraphs (a), (b), (c), (d), (e), and (f).

The Applicant may insert in the space provided below the site(s) for the performance of work (activities carried out by the Applicant) to be done in connection with the award (Place of Performance (Street Address, City, County, State and zip Code)):

Not Applicable

#### **F. Certification Regarding Lobbying**

The Applicant certifies, to the best of its knowledge and belief, that:

- (a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the Applicant, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
- (b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Application, the undersigned shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
- (c) The Applicant shall require that the language of this certification be included in the award documents for all subawards of all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance is placed when this transaction is made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

**501(C)(4) Questionnaire:** This questionnaire is necessary for the CDFI Fund to determine whether an Applicant with a 501(c)(4) designation from the IRS is eligible to receive an award from the CDFI Fund (see 12 C.F.R. § 1805.200(a)(3)). Please read all definitions before responding to the questions and continue to refer to such definitions in responding to this questionnaire. If the answer to any question is yes, please describe in detail the facts and circumstances, subject matter, date(s), names and titles of all individuals and their employers and their organizations on a separate sheet(s) of paper.

The CDFI Fund reserves the right to seek follow-up responses from an Applicant. Failure to complete this questionnaire and, if applicable, respond timely to follow-up questions, will delay the CDFI Fund's processing of the Application, and may result in the disqualification of the Application from further consideration.

After submitting responses to this questionnaire, the Applicant is under a continuing obligation to: (1) supplement its responses upon a change in circumstances; and (2) revise or modify its responses within 10 business days of having actual or constructive knowledge that the responses previously submitted and certified are no longer complete, accurate, or true.

You may call the CDFI Fund's Office of Legal Counsel at (202) 622-8662 if you have any questions about this form.

Scope: The scope of this questionnaire is limited to activities on or after January 1, 1996.

| <b>Questions</b>   |   |
|--|---|
| 1. Has any officer, employee, director, partner, proprietor, or board member contacted <sup>1</sup> a Covered Executive Branch Official <sup>2</sup> with regard to the formulation, modification, or adoption of Federal legislation (including legislative proposals)  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No |
| 2. Has any officer, employee, director, partner, proprietor, or board member contacted a Covered Executive Branch Official with regard to the formulation, modification, or adoption of a Federal rule, regulation, Executive Order, or any other program, policy, or position of the United States Government?  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No |
| 3. Has any officer, employee, director, partner, proprietor, or Board member contacted a Covered Executive Branch Official with regard to the administration or execution of a Federal program or policy (including the negotiation, award, or administration or a Federal contract, grant, loan, permit, or license)?   | <input type="checkbox"/> Yes<br><input type="checkbox"/> No |
| 4. Has any officer, employee, director, partner, proprietor, or Board member contacted a Covered Executive Branch Official with regard to the nomination or confirmation of a person for a position subject to confirmation by the United States Senate?   | <input type="checkbox"/> Yes<br><input type="checkbox"/> No |
| 5. Has any officer, employee, director, partner, proprietor, or Board member engaged in efforts supporting and coordinating the contact by others of a Covered Executive Branch Official including preparation and planning activities, research and other background work that was intended, at the time performed, for a purpose described in Questions 1-4? | <input type="checkbox"/> Yes<br><input type="checkbox"/> No |

|  |   |
|--|---|
| 6. Has any officer, employee, director, partner, proprietor, or Board member contacted a Covered Executive Branch Official with regard to the formulation, modification, or adoption of Federal legislation (including legislative proposals)?   | <input type="checkbox"/> Yes<br><input type="checkbox"/> No |
| 7. Has any officer, employee, director, partner, proprietor, or Board member contacted a Covered Executive Branch Official with regard to the formulation, modification, or adoption of a Federal rule, regulation, Executive Order, or any other program, policy, or position of the United States Government?  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No |
| 8. Has any officer employee, director, partner, proprietor, or Board member contacted a Covered Executive Branch Official with regard to the administration or execution of a Federal program or policy (including the negotiation, award, or administration of a Federal contract, grant, loan, permit, or license)?  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No |
| 9. Has any officer, employee, director, partner, proprietor, or Board member contacted a Covered Executive Branch Official with regard to the nomination or confirmation of a person for a position subject to confirmation by the United States Senate?   | <input type="checkbox"/> Yes<br><input type="checkbox"/> No |
| 10. Has any officer, employee, director, partner, proprietor, or Board member engaged in efforts supporting and coordinating the contact by others of a Covered Legislative Branch Official <sup>3</sup> including preparation and planning activities, research and other background work that was intended, at the time performed, for a purpose described in Questions 6-9? | <input type="checkbox"/> Yes<br><input type="checkbox"/> No |

**Signature:** Signing the certification on SF 424 certifies that the answers to the 501(c)(4) Questionnaire and the written explanations attached thereto are true, accurate, and complete to the best of its information, knowledge, and belief and that, since January 1, 1996, the Applicant has not engaged in Lobbying Activities as defined in Section 3 (7) of the Lobbying Disclosure Act of 1995, P.L. 104-65, as amended.

<sup>1</sup> “Contacted” means any oral or written communication including an electronic communication.

<sup>2</sup> “Covered executive branch official” means: (a) the President; (b) the Vice President; (c) any officer or employee, or any other individual functioning in the capacity of such an officer or employee, in the Executive Office of the President; (d) any officer or employee serving in an Executive Level I-V position, a “Schedule C” position, or any official in a Senior Executive Service position; (e) any member of the uniformed services serving at grade 0-7 or above; or (f) any officer or employee serving in a position of a confidential, policy-determining, policy-making, or policy-advocating character.

<sup>3</sup> “Covered legislative branch official” means: (a) a member of Congress; (b) an elected officer of either House of Congress; and (c) any employee of the House or Senate, including employees of Members, committees, leadership and working groups or caucuses organized to provide legislative services or other assistance to Members of Congress.