

UNITED STATES  
DEPARTMENT OF  
THE TREASURY



# Community Development Financial Institutions (CDFI) Fund

**FY 2010 NACA Program  
Application Training  
Presentation**

# CDFI Fund Mission



**The mission of the CDFI Fund (the Fund) is to expand the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities in the United States.**

## How does the Fund Achieve its Mission?

- **Native Initiatives**
- **CDFI Program**
- **Bank Enterprise Award Program**
- **New Markets Tax Credit Program**
- **Capital Magnet Fund**

## Native Initiatives

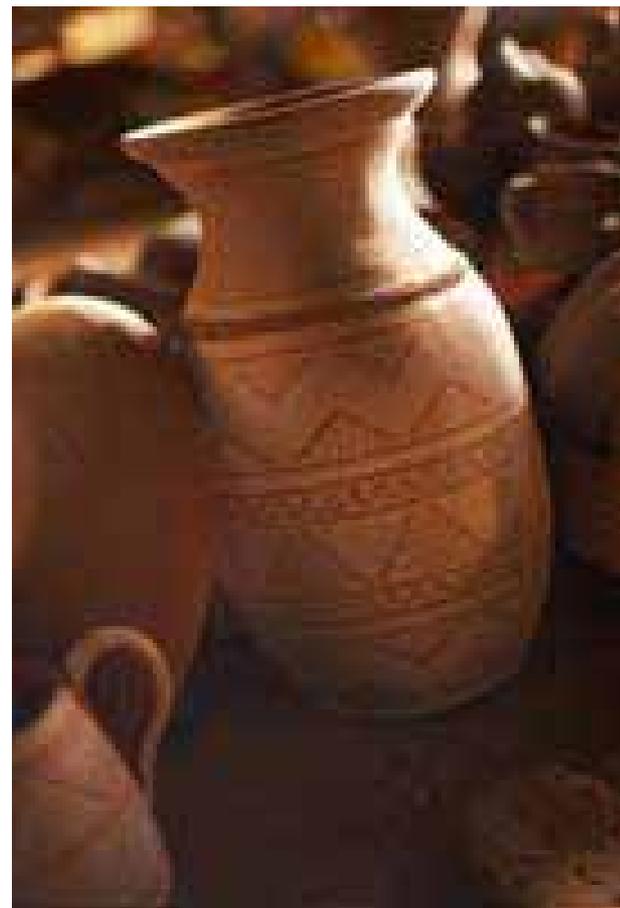
- **Native American CDFI Assistance (NACA) Program**
  - ◆ Financing
- **Expanding Native Opportunities**
  - ◆ Training



- **FY 2010 NACA Program**
  - **Definitions**
  - **Application types**
  - **Financial Assistance (FA)**
  - ◆ **Technical Assistance (TA)**
- ◆ **Comprehensive Business Plan examples**
- ◆ **Reminders**
- ◆ **Contact information**

- **Promote economic revitalization and community development**
- **Help build the capacity of Native CDFIs**
- **Leverage CDFI Fund resources**

- **Native American Communities**
- **Native CDFI**
- **Sponsoring Entity**



# Applicant Type



<b>Type of Applicant</b>	<b>Eligible Awards</b>
Certified/Certifiable Native CDFI <i>Type 1</i>	FA and/or TA
Emerging Native CDFI <i>Type 2</i>	TA only
Sponsoring Entity <i>Type 3</i>	TA only

- **Financial Assistance (FA) Awards**
  - ❖ **Support Financing Needs**
  - ❖ **1:1 match requirement (form and amount)**
    - (may be waived in FY 2010)
  - ❖ **FA awards cap: \$750,000 per award**
  
- **Technical Assistance (TA) Awards**
  - ❖ **Organizational Capacity-Building**
  - ❖ **No match requirement**
  - ❖ **TA grants cap: \$150,000 per award**



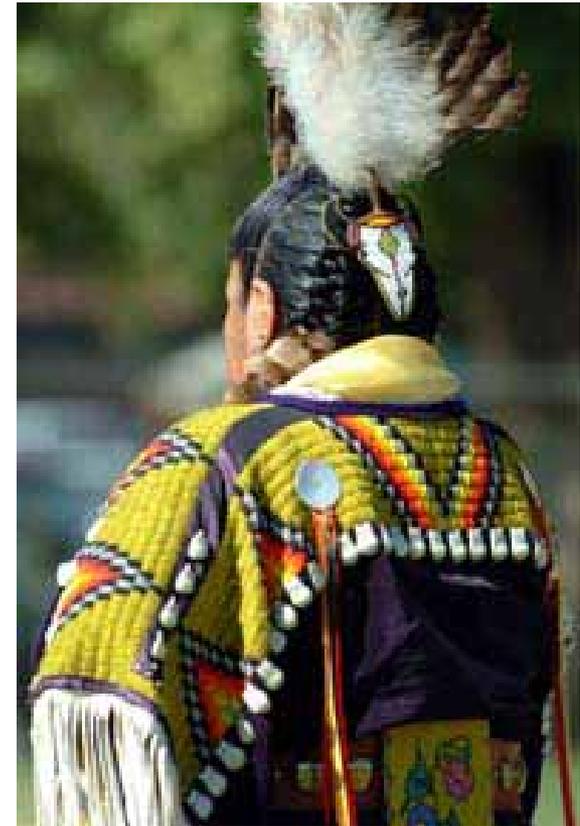
# Financial Assistance Awards

## FA awards are available to:

- **Certified CDFIs:**  
**Certification of Material Event Form**  
» **Wednesday, September 16, 2009**
- **Certiifiable CDFIs:**  
**Certification Application**  
» **Wednesday, September 16, 2009**
- **Questions about Certification Application**  
» **September 14, 2009**

## ➤ CDFI Certification Requirements:

- ❖ **Legal existing**
- ❖ **Primary mission**
- ❖ **Financing Entity**
- ❖ **Target Market**
- ❖ **Development Services**
- ❖ **Accountability**
- ❖ **Non-Governmental Entity**



- **Certified or certifiable Native CDFIs Only**
- **Maximum FA award: \$750,000**
- **3 year reporting requirement**



# Matching Funds

Matching Fund waiver for 2010?



# Technical Assistance Awards

## TA Awards are available to:

### ➤ **Certified or Certifiable Native CDFIs**

### ➤ **Emerging Native CDFIs**

- **Entities that do not currently meet all seven certification requirements, but demonstrate a reasonable plan to become certified in two years**

### ➤ **Sponsoring Entities**

- **Entities that propose to create a Native CDFI in three years**

- **A TA award allows a Native CDFI, an entity proposing to become a Native CDFI, or an entity proposing to create a Native CDFI to build its capacity to serve Native communities**
- **TA award ceiling: \$150,000**
  - **The Fund will not make a TA award over this amount**
- **TA does not require Matching Funds**
- **All uses of TA must support one of the key sections of the Comprehensive Business Plan or the Applicant's ability to meet a certification requirement (if applicable)**
- **Generally, all TA awards must be used within 24 months of the Effective Date of the Assistance Agreement**

# Comprehensive Business Plan

# Comprehensive Business Plan (CBP)



<b>SCORING</b>	<b>Maximum Points</b>
Executive Summary	Not Scored
Market Analysis	25 points
Business Strategy	25 points
Community Development Performance & Effective Use	20 points
Management	20 points
Financial Health and Viability	10 points
Technical Assistance Proposal	Not Scored

**1. Market Analysis:** Questions 1 – 3 applicant's analysis of its designated Target Market

**2. Business Strategy:** Questions 4 – 7 on applicant's financial products and services offered or to be offered

**3. Community Development and Effective Use:** Questions 8 – 12 on applicant's community development impact

**4. Management:** Questions 13 – 19 on applicant's management team and Board of Directors

**5. Financial Health and Viability:** Questions 20 – 25 on applicant's financial statements and industry ratios

**Technical Assistance Proposal (TAP):** narrative of applicant's technical assistance requests and proposed use of funds

## Key Components (1 page):

- **Provide a narrative describing the Applicant's mission**
- **Include a paragraph stating the exact amount of the total award request**
- **Summarize the key elements of the CBP**
- **Complete an Applicant Profile**

## **Narrative (7 pages):**

- 1. Briefly describe the Applicant's current or proposed Target Market**
- 2. Discuss the demand for the Applicant's Financial Products, Development Services, and/or Financial Services within the Target Market**
- 3. Address areas needing improvement and, if applicable, justify requested TA items that will help**



## **Narrative (9 pages):**

- 4. Describe the Applicant's Financial Products and Financial Services**
- 5. Describe the Applicant's Development Services**
- 6. Describe the Applicant's marketing, outreach, and delivery strategy. Discuss the Applicant's collaboration, coordination, and partnerships**
- 7. Address areas needing improvement and, if applicable, justify requested TA items that will help**



## Narrative (5 pages):

- 8. Describe the Applicant's track record of providing Financial Products, Development Services, and/or Financial Services**
- 9. Describe the Applicant's projected activities and how progress toward these goals is measured**
- 10. Discuss why the Applicant should receive a government subsidy in the form of a CDFI Fund award given the Fund's limited resources**
- 11. Discuss prior Awards**
- 12. Address areas needing improvement and, if applicable, justify requested TA items that will help**



## Narrative (8 pages):

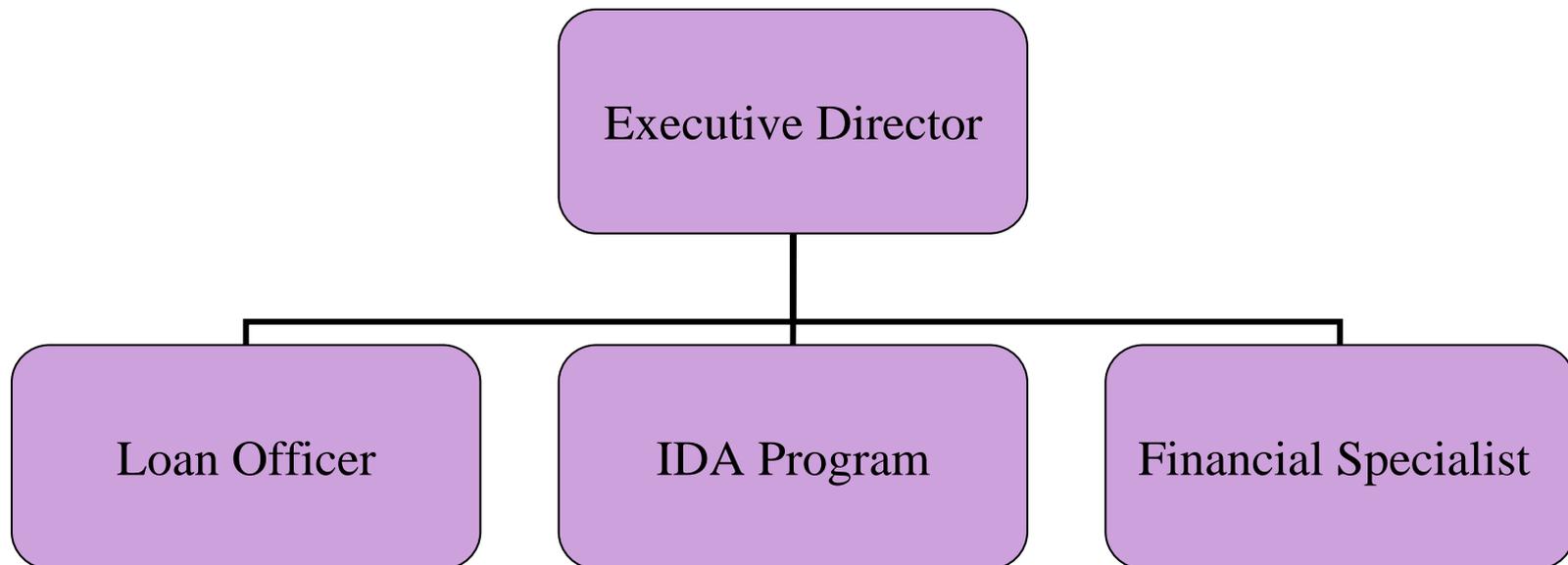
- 13. Describe the capacity, skills, size and experience of the Applicant's current and/or proposed governing board**
- 14. Describe the capacity, skills, and experience of the Applicant's current and/or proposed management team and key staff**
- 15. Describe the Applicant's underwriting policies and procedures**
- 16. Describe the Applicant's portfolio monitoring policies and procedures**

## **Narrative *(continued)*:**

- 17. Describe the Applicant's financial management policies and procedures**
- 18. Describe the Applicant's Management Information System (MIS)**
- 19. Address areas needing improvement and, if applicable, justify requested TA items that will help**

## Charts and Attachments:

- **Organizational Chart**
- **Biographies of key board members (*e.g., Board chair, advisory board, key committees, etc.*)**
- **Current resumes of management, key staff, and consultants**



## Narrative (6 pages):

- 20. Explain which Financial Statements were included with the Application**
- 21. Provide key assumptions underlying the projections for the projected three years identified in the Financial Data Input Chart**
- 22. Explain Financial Ratios**
- 23. Explain Portfolio Management Ratios**
- 24. Equity Investor Financial Health *(if applicable)***
- 25. Address areas needing improvement and, if applicable, justify requested TA activities that will help**

## Charts and Attachments:

- **Financial Data Input Chart** (*Chart F1, F2, or F3 depending on organization type*)
- **Financial Statements for the 3 most recently completed fiscal years**
- **Loan Portfolio Quality Chart** (*Chart G*)
- **Equity Investment Portfolio Valuation Chart** (*Chart H*)

# Technical Assistance Proposal (TAP)

# TA Award Request



- **All uses of TA must support one of the key sections of the Comprehensive Business Plan (CBP) or the Applicant's ability to meet a certification requirement (if applicable)**
- **TA Award Ceiling: \$150,000**
  - **The Fund will not make a TA award over this amount**
- **Generally, all TA awards must be used within 24 months of the Effective Date of the Assistance Agreement**

# TA Award Request



## Three Components of a TA Request:

- **Completed TA Budget (*Chart C*)** – Snapshot list of requested items with total amount \$ for each
- **Technical Assistance Proposal (*first box in CBP template*)** – Provides overall justification for TA request. Describes each item and calculation in detail
- **CBP TA Questions (*connect each TA request to at least one CBP component*)** – Applicant ties individual TA requests to CBP component

# TA Award Request



## TA Budget Proposal: Budget Chart

- Snapshot list of requested items with cost calculations

C. TA Budget Chart			
Identify all items and / or tasks to be financed with the TA grant.			
<b>Requested TA may not be expended prior to execution of a Notice of Award.</b>			
<b>A. Personnel (Salary)</b>			
Under Name, list the staff person's name for which salary is requested...			
Name	Position	Computation	Cost
John Smith	Executive Director	10% of annual salary of \$60,000 for time spent developing marketing plan for new loan product.	6,000
Abby Jones	Loan Officer	50% of annual salary of \$45,000 for two years for time spent developing new loan product, underwriting new loan product, and other lending related activities.	24,500
<b>Personnel (Salary) Sub-Total:</b>			<b><u>\$30,500</u></b>
<b>D. Travel</b>			
List each travel expenses by purpose ...			
<b>The following type of travel policies will be used by the applicant</b>			<b>own</b>
Purpose of Travel	Location	Computation	Cost
Homebuyer Counseling Certification Course (NeighborWorks)	Waco, TX	2 attendees * \$300 (airfare) + \$30 (per diem for 5 days)	\$900
Business Lending Workshops (ABA)	New York, NY	1 attendee * \$440 (airfare) + \$30 (per diem for 4 days)	\$560
<b>Travel Sub-Total:</b>			<b><u>\$1,460</u></b>

## Technical Assistance Proposal: Narrative

- **Begins with a summary of the organizational improvements needed to achieve the CBP**
- **Addresses how the requested TA will facilitate improvements**
- **Includes one paragraph per line item on the TA Budget Chart describing:**
  - **The requested use**
  - **How the use will improve Applicant's capacity**
  - **How each requested amount was calculated**
  - **A timeline of when the activity/purchase will be completed\***

*\*(Should not be schedule before the Notice of Award – Applicants may assume a NOA date of March 2010).*

## Comprehensive Business Plan TA Questions

- **Acknowledge areas needing organizational improvement, whether or not requesting a TA grant**
- **Reference TA request items from TA Budget Chart – category and amount**
- **Explain how each TA item will improve capacity**

## Eligible TA Uses

- **Personnel**
- **Training**
- **Travel**
- **Professional service costs**
- **Materials, Supplies, and Equipment**
- **Other**

## Personnel – Salary & Fringe

- **Compensation of employees for duties related to the purpose of award**
- **Names of personnel (required if current staff)**
- **Personnel expenses for up to 2 years**

## Training

- **External training for staff, volunteers, and/or board members**
- **Training should be related to CBP plan**
- **Training event and/or conference should be identified**
- **Expenses may include tuition, fees, materials, and textbooks**
- **Examples**
  - **Organizational development classes**
  - **Lending or underwriting workshops**
  - **Shadowing or internship with another CDFI**
  - **CDFI mission related conferences and/or workshops**

## Travel

- **Travel for staff, volunteers, and/or board members**
- **Travel should be related to CBP plan and event or conference should be identified**
- **Expenses may include air, train, bus fare, lodging, mileage, rental car, taxi, per diem**
- **Must Identify Travel policy** (*organizational or federal*)

## Professional Services

- **Provider of professional advice or service**
  - If sole sourced restricted to: ES-4 level, see [www.opm.gov](http://www.opm.gov)
- **Competitive process to procure a good or service.**
  - Identify entity – if known at time of Application – meaning individual, company, corporation or business
  - All costs including personnel, compensation, travel, materials should be included in contract price
- **Must Identify Procurement policy** (*organization or federal*)

## Professional Services

### Examples of services:

- **Develop a strategic plan**
- **Conduct market research or product feasibility analysis**
- **Develop job descriptions**
- **Develop capitalization plan**
- **Conduct financial audit**
- **Procure information technology services**
- **Develop publications**
- **Develop policies and procedures for: lending, underwriting, risk management, or personnel**

## Materials, Supplies, and Equipment:

- **Expendable equipment costing less than \$5,000 and useful life of less than two years**
- **Examples:** office supplies, postage, calculators, brochures, handheld tape recorders, in-house training materials
- **Non-expendable items (tangible property) with a useful life of more than two years and/or acquisition cost of \$5,000 or more per unit**
- **Items costing less than \$5,000 can be included if recognized as a capital asset**
- **Examples:** laptops, personal computers, hardware for internet compatibility, database to manage fundraising and investor relations, portfolio management software, network software

## Other

- **Further information in OMB Circular A-122**
- **Example items:** rent, telephone, security, janitorial, services, reproduction, memberships, subscriptions

# Ineligible TA Uses



- **Awardees are not permitted to use TA funds for any purpose outside of the approved uses as outlined in the assistance agreement without prior approval from the CDFI Fund**
- **Any costs for a requested activity incurred prior to receipt of a Notice of Award are ineligible. Applicants may assume Notice of Awards will be sent out no earlier than **March 2010****

# Application Charts



**A. Matching Funds Data Chart**

**B. Retained Earnings Calculators *(3 versions)***

**C. TA Request Summary Chart**

**D. Activities Level Chart**

**E. Community Development Impact Chart**

**F. Financial Data Input Chart *(3 versions)***

**G. Loan Portfolio Quality Chart**

**H. Equity Investment Portfolio Valuation Chart**

## Submitting the Application

- **The Fund's primary mode of communication with awardees**
- **Applicants are REQUIRED to create a myCDFI Fund account**
- **Applicants who already have myCDFI Fund accounts must update their accounts prior to submitting an Application**
- **ALL applications will be submitted through myCDFI Fund accounts for FY 2010**

## Steps to submitting the Application:

- 1. Log on to myCDFI Fund account**
- 2. Click on Applications on the left side**
- 3. Choose 2010 NACA Signature Page**
- 4. Follow submitting and uploading instructions**



# Review Process

# Review Process



- **Completeness Review**
- **Eligibility Review**
- **Two-part Substantive Review**
- **Selecting Official Award Decisions**
- **Financial Management Award Obligation**
- **Award notifications**

- **All NACA Applicants:**
  - **Must receive minimum number of points in each category**
  - **Ranked from highest to lowest, based on each Applicant's cumulative scores for all five criteria categories added together**
  - **Selected from the top of the ranking list until available funds are depleted**

# Awardee Notification



- **Notification via e-mail to the designated Authorized Representative**
- **If selected for an award, an Applicant must go to its MyCDFI Fund account to download and print its Notice of Award**
- **Only the Applicant's Account Administrator can access the Notice of Award**



# Reporting and Compliance

# Key Reporting Requirements



- **Annual Report:**
  - **Institution Level Report**
  - **Transaction Level Report**
  - **Financial Report**
  - **Financial Status Report (SF-425)**
  - **Explanation of Noncompliance** *(if applicable)*
  - **A-133 narrative statement or audit** *(if applicable)*
  - **Use of FA and Matching Funds**
  - **Use of TA**
  - **Other requirements as applicable**

- **Expected Performance Goals**
  - **Operating Liquidity Ratio of 1:1**
  - **Maximum Portfolio at Risk of 15%**
  - **Equivalent of 85% of award amount for activities in Target Market over 3 years**
  - **Non-certified Awardees: become certified as CDFIs**
  - **Use all TA by completing TA activities and expending TA award by end of second reporting period**
  - **Insured Credit Unions: Maintain acceptable Prompt Corrective Action (PCA) Net Worth Ratio of at least 6%**
  - **Insured Depository Institutions and Holding Companies: Tier 1 Leverage Capital of at least 8% and Net Loans & Leases to Deposits Ratio of at least 50%**



# Reminders

- **Certification of Material Event Form – via fax:**
  - » **Wednesday, September 16, 2009**
- **CDFI Certification Application:**
  - » **Wednesday, September 16, 2009**
- **Last day for Funding Applicant Questions:**
  - » **Monday, October 5, 2009**
- **Application Submission via myCDFI Fund account:**
  - » **Wednesday, October 7, 2009**

# Contacting the Fund



**Chris James: CDFI Associated Program Manager and Native Initiatives**

[jamesc@cdfi.treas.gov](mailto:jamesc@cdfi.treas.gov)

**202.622.8704**

**Chasity Savage: Portfolio Manager and Native Initiatives**

[savagec@cdfi.treas.gov](mailto:savagec@cdfi.treas.gov)

**202.622.9546**

**Compliance Support:**

[cme@cdfi.treas.gov](mailto:cme@cdfi.treas.gov)

**202.622.8226**

**Technical Support:**

[ithelpdesk@cdfi.treas.gov](mailto:ithelpdesk@cdfi.treas.gov)

**202.622.2455**

# Questions and Answers

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*Thank you for attending today's  
information session!*