A. What are the Capital Magnet Fund (CMF) reinvestment requirements for FY 2017 CMF Recipients?

During the 5-year Investment Period, Recipients must redeploy Program Income earned in the form of principal and equity repayments for the approved, eligible CMF Award uses, as set forth in the Assistance Agreement, for the duration of the Investment Period. The uses of the Program Income must conform to the approved eligible activities and eligible uses that are set forth in the Assistance Agreement. Program Income earned in the form of interest payments shall be used by the Recipient solely to further the objectives of its mission as a Certified CDFI or Nonprofit Organization.

For Recipients who have not yet met their performance goals and measures (PG&Ms) in the Assistance Agreement, the redeployed Program Income earned in the form of principal and equity repayments must be used to the extent necessary to meet the Recipient’s PG&Ms, such as the Recipient’s production targets, geographic/service area goals, leverage multiplier, etc.

For those Recipients who have met their PG&Ms, the CDFI Fund encourages them to use redeployed Program Income earned in the form of principal and equity repayments to serve the same income groups originally targeted in their performance goals and measures (PG&Ms); however, it is recognized that this may not always be possible. The requirements for redeployed Program Income for a FY 2017 CMF Award are as follows:

In situations where the Recipient has achieved its income targeting PG&Ms and would like to use its redeployed Program Income, earned in the form of principal and equity repayments, for Rental Housing, the Recipient is still obligated to meet the following regulatory requirement for the duration of the Investment Period: at least 20% of the units in each new Multifamily Rental Project must be affordable to Low-Income Families (those at or below 80% of the area median income (AMI)).

In situations where the Recipient has achieved its PG&Ms and would like to use redeployed Program Income, earned in the form of principal and equity repayments, for Homeownership, the Recipient is still obligated to meet the following regulatory requirement for the duration of the Investment Period: redeploy to Families with incomes of 120% AMI or less.

Please note that for all Homeownership and rental Affordable Housing financed with redeployed Program Income earned in the form of principal and equity repayments, the Recipient must still meet the requirements of the CMF Interim rule. For example, units must maintain affordability for at least 10 years, 100% of Eligible Project Costs must be attributable to housing affordable for Families at 120% AMI (for the portfolio); greater than 50% of the Eligible Project Costs (CMF Award plus Leveraged Costs) across the Recipient’s entire portfolio must serve Low-Income Families.

Any Program Income, including principal and equity repayments, that is earned after the 5 year Investment Period shall be used by the Recipient solely to further the objectives of its mission as a Certified CDFI or Nonprofit Organization.
B. Can we treat a repaid CMF investment as a private source of leverage in a subsequent reinvestment?

No. The repayment of CMF Award funds during the Investment Period from the borrower to the Recipient does not change the character of those funds. CMF funds retain their federal character for the entire 5 year Investment Period. For example, suppose that an initial investment of $250,000 from your CMF award was invested in a Project. Two years later, during the Investment Period, this capital is repaid. The $250,000 would still be considered award capital/federal funds and not private capital.

C. How is the requirement to finance economic development “in conjunction with affordable housing” determined? What information or documentation must be submitted in the Application?

Economic Development Activities (EDA) under the CMF are intended to help stabilize or revitalize a Low-Income Area or Underserved Rural Area, create jobs, or develop facilities that will provide services to Low-Income families. EDA must work In Conjunction With new or existing Affordable Housing Activities. “In Conjunction With” means the Community Service Facilities and/or physical structures are physically proximate to the Affordable Housing and reasonably available to Affordable Housing residents. For example, EDA could include the development of a health clinic that supports and serves Low-Income Families and is located close to the Affordable Housing.

Recipients that receive a CMF Award to undertake EDA, will be required to establish that the EDA is part of a Concerted Strategy through written documentation. Such documents include, but are not limited to: a comprehensive, consolidated, or redevelopment plan; or some other local or regional planning document adopted or approved by the jurisdiction. For a Metropolitan area, Recipients should be able to identify by address of the Affordable Housing located in the same Census Tract or within one mile; for Non-Metropolitan areas, Recipients should be able to identify by address the Affordable Housing located within the same county, township, or village or within 10 miles.

No documentation is required to be submitted with the Application, but the Concerted Strategy and how the Economic Development Activity will be financed “In Conjunction With” Affordable Housing should be described in the strategy section of the Application.

D. Is a community room in an Affordable Housing Project considered an Economic Development Activity?

Adding amenities to a housing development or common space that are available only to residents of the building (e.g. a community room) are not considered an eligible Economic Development Activity.

E. Is “land banking” an eligible activity of the Capital Magnet Fund? Can CMF Awards be used to purchase land that will be used for development in the future?

The acquisition or assembly of land for the development of Affordable Housing or for Economic Development Activities is allowed as long as the Project will be completed within the five year Investment Period (or other Project completion timeframes specified
in the Assistance Agreement for reinvestments of a CMF Award). Land Banking, or buying, assembling, and holding land for future development with no clear plan or expectation for a Project that will be completed within the required timeframes in the Assistance Agreement is not an eligible use of the CMF Award.

F. Are Homeownership cooperatives eligible for Capital Magnet Fund funding?

Yes, a Recipient can use its CMF Award to finance or support cooperatives, as long as cooperatives meets the definition of Homeownership under applicable State law. They are also subject to the requirements for Homeownership under the Interim Rule. (See 12 CFR 1807.402).

G. Can I transfer my CMF Award to a Special Purpose Entity for the purpose of creating an Affordable Housing Fund, Revolving Loan Fund, or Economic Development Activity fund? How can Special Purpose Entities (SPEs) be used in the Capital Magnet Fund?

SPEs may be used in the CMF only with the approval of the CDFI Fund. The “Approved SPE” must be a single purpose entity created to act as an Affordable Housing Fund, Revolving Loan Fund, or fund to support Economic Development Activities solely to carry out CMF eligible uses. The CMF Award may be transferred to the Approved SPE in the form of a loan, grant, or investment. The SPE must be wholly owned by the Recipient. All obligations of the Recipient under the Assistance Agreement remain and also apply to the SPE. Utilization of an SPE to make investments constitutes a Sub-recipient relationship that subjects the Recipient and Sub-recipient to specific requirements as specified in the CMF Assistance Agreement and 2 C.F.R. Part 200. Additional reporting by the Recipient may also be required.

H. Is there an undisbursed balance requirement for previous CDFI Fund Awards like in the FY 2016 Round?

There is no undisbursed award balance requirement for the FY 2017 CMF round.

I. I’m not seeing the FY 2016 assistance agreement on the website. Can you point me to that or send it to me?

The FY 2016 Assistance Agreement template is available by clicking on “Step 4: Closing and Disbursement” at the bottom of the Capital Magnet Fund’s webpage, or by clicking on this link: https://www.cdfifund.gov/programs-training/Programs/cdfi-program/Pages/default.aspx

Please note that while the FY 2017 CMF Assistance Agreement will be largely based on the FY 2016 CMF Assistance Agreement, there will likely be some changes.

J. Will there be an Excel template to help us prepare to enter data into AMIS?

Yes, the 2017 CMF Excel Workbook Tool is available on the Capital Magnet Fund website here: https://www.cdfifund.gov/Documents/FY2017%20CMF%20Data%20Workbook%20Opti
K. Can the CMF Award be used for transitional or permanent supportive housing?

Housing, as defined in the Interim Rule, includes permanent housing for persons who are disabled and/or homeless, transitional housing, single-room occupancy housing, and group homes. Emergency shelters, residential treatment facilities, and halfway houses are not eligible. For a complete list of what is considered Housing under the Capital Magnet Fund, see 12 C.F.R. 1807.104.

L. For Rental Housing developed with CMF Award dollars, what percentage of units must be set-aside and targeted to Low and Very-Low Income Families? Is this determined at the project or portfolio level?

For multifamily Rental Housing developed with CMF Award dollars, each Project must have at least 20% of the units set aside for Families with Low Incomes at or below 80% of the Area Median Income (AMI), and none of the CMF Award may be used to finance or support units occupied by Families with incomes above 120% AMI. In addition, your Assistance Agreement will include a required minimum percentage of the total rental units developed with the CMF Award (portfolio-wide) that must be set-aside for Very Low-Income Families (at or below 50% of AMI). For the FY 2017 Round, the CMF Program will not award Applications that propose to set-aside less than 20% of the total rental units for Very Low-Income Families.

M. Does rental income from a Multi-family rental Project count as Leveraged Costs?

No, rental income is not considered Leveraged Costs.

N. If the CMF Award is used to finance the Development of Homeownership, and the homes are sold to Low-Income Families, may the proceeds from the sale be considered Leveraged Costs?

No. Additionally, sale proceeds that result in repayment of CMF Award dollars to the Recipient (and any associated interest payments) would be considered Program Income and would need to be reinvested during the Investment Period, as further described in 12 C.F.R. 1807.303.

O. I missed the FY 2017 application webinars and the in-person workshop. Is this information available?

Yes, all webinars conducted by the Capital Magnet Fund team have been recorded and are available on the CDFI Fund’s website. The in-person workshop was not recorded, but all materials used at the workshop are available on-line on the CDFI Fund’s website. Also available on the website is the FY 2017 Notice of Funding Availability (NOFA); nine training modules; the CMF Interim Rule; the Application Instructions Document; CMF Glossary of Terms; Excel Workbook; and data related to Areas of Economic Distress.
For links to these materials, see the “Step 2: Apply” section of the CMF webpage at www.cdfifund.gov/cmf.

**P. Will we be required to adhere to the percentages entered in Question 9 of the Application? May we change specific activities, financing types, or proposed uses once we are awarded funds?**

If you are selected for a CMF Award, you will enter into an Assistance Agreement with the CDFI Fund. The Assistance Agreement will restrict you to specific eligible activities and eligible uses based upon your responses to Question 9 in the Application. However, you will not be held to a specific percentage related to these activities, and you will be provided flexibility to allocate the funds among the approved activities to meet your Performance Goals and Measures (PG&Ms). The exceptions are Economic Development Activities, which are limited to no more than 30% of your Award amount; and Direct Administrative Expenses, which are limited to 5%.

The percentages you indicate in your Application related to Financing Types provide an indicator of your plans and help to assess your track record in undertaking those financing types. While we allow some flexibility, we encourage you to stay close to the percentages you indicated in your Application.

**Q. When developing a mixed-income Project with both affordable and market rate housing, does the allocation of Eligible Project Costs need to be prorated?**

The costs related to market rate units may not be counted as Eligible Project Costs. In general, a cost allocation formula largely based on square footage may be used to distinguish Eligible Project Costs for the CMF affordable housing from the costs related to the market rate housing. Shared costs could include common areas and non-luxury amenities that are available to all residents at no additional cost. Please note that 100% of Eligible Project Costs must be attributable to Affordable Housing (i.e. affordable to families at 120% AMI and below). Therefore, a cost allocation method should be done with care to avoid an inappropriate allocation and overstatement of Eligible Project Costs.

**R. Does each CMF-financed Project need to have at least $1 of a CMF Award in order for it to be considered a CMF-financed project and have the Leveraged Costs spent on that Project to be counted as Eligible Project Costs?**

Yes. Each Project that is funded under the CMF Award must include some portion of CMF funding as part of the financing in order to be counted as Eligible Project Costs. Note that in situations where the CMF Award will be used for a Loan Loss Reserve or a Loan Guarantee, the CMF Award is considered “spent” on a Project at the time it is allocated as a reserve for or guarantee of the loan for the CMF Project. In those cases, there does not need to be an actual draw against the loan loss reserve or guarantee in order to count those amounts as Eligible Project Costs.

**S. Does the award request amount we indicated in SF-424 commit us to that amount in the CMF Application in AMIS?**
No. The award amount requested submitted in the SF-424 in Grants.gov can be an estimate. Ultimately, only the amount submitted in the AMIS CMF Application will be considered.

T. In Application Question 22(c) and (d), how should the percentage of units that will be income-targeted be calculated?

Question 22(c) and (d) in the Application asks what percentage of your Affordable Housing units will be restricted to Low Income (LI) Families, Very-Low Income (VLI) Families, and Extremely-Low income (ELI) Families. For the purposes of this question, Affordable Housing units include any Eligible-Income units (any units restricted to Families at 120% of AMI or below), as well as LI, VLI, and ELI units. Thus, when calculating the percentage of LI, VLI, and ELI units, the total number of units with income restrictions for Eligible Income, LI, VLI and/or ELI is the denominator. Keep in mind that the number of units with these income restrictions could be less than the total number of units in the property. This will occur if there are any market rate units or units restricted to incomes above 120% AMI. Some examples below help to make this clearer.

Example 1: Suppose the CMF Award will be used to finance four Projects that will be comprised of 500 units, of which 50 will be restricted to Extremely Low-Income Families (30% AMI or below) and 100 units will be restricted to Very Low-Income Families (50% AMI or below). The remaining 350 units will be restricted to units that are available only to Eligible-Income Families (120% AMI or below). In this case, the total number of units with relevant income restrictions in the project is 500 units. Thus, the percentage of ELI units is 10% (50/500 = 10%), and the percentage of VLI units is 20% (100/500 = 20%).

Total Restricted Income Units = 500  
Low income Units = 0 units  LI % = 0 / 500 = 0%  
Very-Low income Units = 100 units  VLI % = 100 / 500 = 20%  
Extremely Low-income Units = 50 units  ELI % = 50 / 500 = 10%

Example 2: In this example, the CMF Award will be used to finance two Projects that will be comprised of 200 units. In the first Project, which has 75 units, 5 will be restricted to Extremely Low-Income Families (30% AMI or below), 10 will be restricted to Very Low-Income Families (50% AMI or below), and the remaining 60 will be restricted to Low-income Families (80% AMI or below). In the second property, there are 125 units. 25 units will not have any income restrictions (market rate). 35 units will be restricted to 120% AMI or below. The remaining 65 units will be restricted to Low-income Families (80% AMI or below). Here are the results:

Total units in the two Projects = 200 units  
Total Restricted Income Units = 75 units + 100 units = 175 units  
Low income Units = 60 units + 65 units = 125 units  
Very-Low income Units = 10 + 0 units = 10 units  
Extremely Low-income Units = 5 units + 0 units = 5 units

So the percentages are as follows:  
LI % = 125 units / 175 units = 71%
VLI % = 10 / 175 = 6%
ELI % = 5 / 175 = 3%

Be aware that as required per the CMF Interim Rule (12 C.F.R. 1807.402), at least 20% of units in each CMF-financed Multi-family rental Project must be targeted to households with incomes at or below 80% of Area Median Income (AMI). Additionally, 100% of the total Eligible Project Costs (EPCs) must be attributable to units that serve families at incomes of 120% AMI or below. Greater than 50% of the EPCs must be attributable to units that serve Families at Low-, Very Low-and Extremely Low-Incomes (80% of AMI or below). Thus in example 2, costs associated with the unrestricted market rate units would not be considered EPC and may not be considered Leveraged Costs.

U. Is a state housing finance agency or a local housing authority eligible to apply for a CMF Award? (This question supersedes Q. 4 in the CMF FAQ document released June 29, 2017)

Since state housing finance agencies (HFA) and local housing authorities (LHA) are generally created by state statute, whether they qualify as a Nonprofit Organization per the CMF Interim Rule and thus eligible to apply for a CMF Award depends on the authorizing statute or charter of the agency or authority. In general, instrumentalities of government (including instrumentalities of tribal government) are eligible to apply as long as they are not subject to federal income taxation. Additionally the HFA or LHA must meet the Applicant eligibility requirements of Section 1807.200 of the CMF Interim Rule, including, among other things, having housing as a principal purpose and being designated as a nonprofit or not-for-profit under the laws of the state of its formation. The CDFI Fund may require a legal opinion to confirm the Applicant’s status as a Nonprofit Organization before determining the eligibility of a particular HFA or LHA entity. A separate, but affiliated Nonprofit Organization formed by an HFA or LHA may be eligible to apply for a CMF Award.
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For detailed information on the Capital Magnet Fund (CMF) and the fiscal year (FY) 2017 CMF Funding Round, Applicants should review the CMF Interim Rule (as amended on February 8, 2016), the FY 2017 Notice of Funds Availability (NOFA), and the FY 2017 Application Instructions document, the FY 2016 Assistance Agreement. Please note that the FY 2017 Assistance Agreement will differ from the FY 2016 Assistance Agreement. However, the FY 2016 version can viewed as an example. These documents are available on the CDFI Fund’s website (www.cdfifund.gov/cmf).

Notes

In these FAQs, all capitalized terms are defined in the Interim Rule (12 C.F.R. 1807), FY 2017 CMF NOFA, the FY 2017 CMF Application, and/or FY 2016 CMF Assistance Agreement. All references to the CMF Interim Rule refer to the Interim Rule as amended on February 8, 2016. Edits to the previous version are highlighted in yellow.

Questions on Applicant Eligibility

(1) Who is eligible to apply for a CMF Award?

In order to be eligible to apply for a CMF Award through the FY 2017 Funding Round, an organization must be:

- Certified as a Community Development Financial Institution (CDFI) by the CDFI Fund as of the date of publication of the FY 2017 CMF NOFA, or
- A Nonprofit Organization that has as one of its principal purposes the development or management of affordable housing.

All Applicants, regardless of entity type, must demonstrate that they have been in existence as a legally formed entity for at least three years prior to the FY 2017 Funding Round Application deadline.

In order to be eligible as a Nonprofit Organization, the organization must:

(a) Demonstrate that it is a Nonprofit or not-for-profit under the laws of the organization’s State of formation AND designated by the Internal Revenue Service as tax-exempt from Federal taxation; and
(b) Demonstrate that its articles of incorporation, by-laws, or other board-approved documents evidence that one of the organization’s principal purposes is the development or management of affordable housing; and
(c) It must attest that at least 33 1/3 percent of its total assets (the sum of the value of all of the organization’s assets) is dedicated to the development or management of affordable housing.

Nonprofit Organizations are required to submit documentation to demonstrate that they satisfy these criteria at the time of Application submission. The CDFI Fund reserves the right to collect additional information from all Applicants (regardless of entity type) in order to verify that they have satisfied the eligibility requirements.
Additional eligibility requirements are contained in the Notice of Funding Availability. For example, an applicant must not be under a CDFI Fund corrective action limiting application to CDFI Programs.

(2) **Is an entity that previously received a CMF Award, a New Markets Tax Credit Program (NMTC Program) allocation, a Community Development Financial Institutions Program (CDFI Program) award, a CDFI Bond Guarantee (BG) Program guarantee, or a Bank Enterprise Award Program (BEA Program) award (or an Affiliate of such an entity) eligible to apply for a CMF Award?**

Prior Recipients of awards, allocations, or bond guarantees from any component of the CDFI Fund’s CMF Program, NMTC Program, CDFI Program, BEA Program, BG Program or any other CDFI Fund program, are generally eligible to apply for awards under the FY 2017 CMF Funding Round, including Recipients of a FY 2016 CMF Award. However, an Applicant may be deemed ineligible if certain circumstances exist with respect to prior awards made to the Applicant or its Affiliates (e.g., previous incidents of noncompliance or default; failure to meet reporting requirements; a balance of undisbursed funds). Please refer to the NOFA (particularly Section III) for a complete description of this eligibility criterion.

Applicants that are prior Recipients of awards or allocations under any CDFI Fund program are advised to submit all required reports by the deadlines specified in the allocation, award or Assistance Agreements governing said prior awards or allocations, and comply with the requirements specified in an Assistance Agreement, award agreement, allocation agreement, bond loan agreement, or agreement to guarantee.

(3) **If I am relying on my organization’s status as a Nonprofit Organization for eligibility, how do I calculate whether 33 and 1/3 percent of my total assets are dedicated to the development or management of affordable housing?**

The percentage of total assets – the sum of the value of all of the organization’s assets– dedicated to the management or development of affordable housing is determined by dividing assets dedicated to the management or development of affordable housing by the total assets, based on the Applicant’s last audited financial statement. For purposes of this eligibility criterion, affordable housing is defined generally as housing in which at least 20 percent of the units are affordable to Families whose incomes are at or below 80 percent of the Area Median Income (AMI).

For example, if an Applicant has $8 million in total assets and has dedicated $4 million to affordable housing, 50 percent of the Applicant’s total assets are dedicated to the development or management of affordable housing.

Applicants applying as eligible Nonprofit Organizations will need to attest that they meet this threshold in the Application.

(4) **If my organization is a government-controlled entity (e.g., Housing Finance Agency (HFA) or Public Housing Authority (PHA)), tribal entity, etc., can it apply?**

This question has been revised. Please see Question U of the document.
### Questions on Affiliates and Subsidiaries

(5) Is an Affiliate or Subsidiary of my organization eligible to apply for CMF funding?

The Applicant entity may be an Affiliate or Subsidiary of the parent organization, but in all cases, the Applicant organization must meet the eligibility requirements itself and may not rely on Affiliates or Subsidiaries to meet these requirements. Affiliated organizations may submit only one application and therefore should be careful in selecting the most appropriate entity as the Applicant in order to carry out the activities and meet the obligations of the CMF Award.

(6) If my organization has Subsidiaries or Affiliates, which entity should apply?

You may choose any entity as the Applicant which meets the eligibility criteria outlined in the FY 2017 NOFA. Note that in completing the CMF Application, certain items and data/information must be provided for the Applicant entity only (not including any activities of Subsidiaries or Affiliates).

An Applicant and its Affiliates may not submit separate Applications. If Affiliated entities submit multiple Applications, the CDFI Fund will reject all of these Applications. Furthermore, an Applicant that receives a CMF Award in this funding round may not become an Affiliate of another Applicant that receives an award in this CMF round at any time after the submission of a CMF Application under this NOFA.

During the Application review process, all Affiliated relationships are subject to review by the CDFI Fund. Applicants are advised to review the definitions of Affiliate, Subsidiary, and Control in the Interim Rule (see 12 C.F.R. 1807.104) for further clarity. In most cases, if an entity has its own independent board of directors or independent board governance, and makes its own investment decisions, it is considered an independent entity and could be an eligible Applicant, rather than an Affiliate or a Subsidiary of an Applicant.

(7) If an Affiliate or Subsidiary of my organization has previously received a CMF award, financial assistance, allocation, or bond guarantee from a CDFI Fund program, can my organization apply for a FY2017 CMF Award? May the Affiliate or Subsidiary entity that received the prior award apply under these circumstances?

Yes, prior Recipients (or their Affiliates) of awards, allocations, or bond guarantees from any component of the CDFI Fund’s CMF Program, NMTC Program, CDFI Program, BEA Program, BG Program or any other CDFI Fund program, are generally eligible to apply for awards under the FY 2017 CMF Funding Round, as long as they meet the eligibility criteria outlined in the NOFA and subject to the Affiliate rules in Question # 6 above.
(8) **May a Recipient transfer its responsibilities under the Assistance Agreement to another entity, Affiliate or Subsidiary?**

The responsibilities and obligations of a Recipient under the Assistance Agreement may not be transferred to another entity and remain the sole responsibility of the Recipient.

**EXCEPTION FOR CERTIFIED CDFI DEPOSITORY INSTITUTION HOLDING COMPANIES ONLY:**
The CDFI Fund will provide written permission to any Certified CDFI Depository Institution Holding Company to carry out the activities of a CMF Award through its Certified CDFI Subsidiary Depository Institution, so long as this Certified CDFI Subsidiary Depository Institution is specifically identified in the Holding Company’s FY 2017 CMF Application.

(9) **May a Recipient create a Special Purpose Entity (SPE) to carry out CMF eligible activities?**

A Recipient may form a Special Purpose Entity (SPE) to act as an Affordable Housing Fund, Revolving Loan Fund or a fund to support Economic Development Activities, subject to certain limitations and with the prior approval of the CDFI Fund. Utilization of an SPE creates a Subrecipient relationship subject to the requirements of 2 C.F.R. 200.

(10) **Can a Certified CDFI Depository Institution Holding Company reference the activities of its CDFI Subsidiary Insured Depository Institution when completing the CMF Application?**

If the Applicant is a Certified CDFI Depository Institution Holding Company that intends to carry out the activities of a CMF Award through its Certified CDFI Subsidiary Depository Institution, the Application submitted by the CDFI Depository Institution Holding Company must reflect the proposed activities, track record and financial performance of the Applicant’s Certified CDFI Subsidiary Depository Institution.

Additionally, the Applicant must clearly state in the FY 2017 Application the name, location and EIN of the Certified CDFI Subsidiary Depository Institution that will carry out the activities of a CMF Award.

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**Questions on the Process for Applying for and Receiving a CMF Award**

(11) **In what form will CMF Awards be provided?**

CMF Awards will be awarded as grants. See 2 C.F.R. 200 for more information about federal requirements related to administration of federal awards.

(12) **How can my organization apply for a CMF Award?**

If an organization wants to apply for a CMF Award in the FY 2017 Funding Round, it must submit the required Application documents through Grants.gov and the CDFI Fund’s Award Management Information System (AMIS). The CDFI Fund will not accept Applications via e-mail, mail, facsimile, or other forms of communication, except in
extremely rare circumstances that have been pre-approved in advance by the CDFI Fund. Only the Authorized Representative or Application Contact Person designated in AMIS may submit the Application through AMIS.

Application materials must be submitted by the deadlines below:

<table>
<thead>
<tr>
<th>Document Description</th>
<th>Deadline</th>
<th>Time – Eastern Time (ET)</th>
<th>Submission Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMF Application and Required Attachments</td>
<td>August 31, 2017</td>
<td>5:00 pm ET</td>
<td>Electronically via AMIS</td>
</tr>
</tbody>
</table>

Please note that the CMF Application will be available in AMIS approximately four weeks before the August 31 Application due date.

For more specific information about the content and form of Application submission, reference the FY 2017 NOFA and the FY 2017 Application Instructions document.

If you have not already done so, the CDFI Fund strongly encourages Applicants to start the Grants.gov and AMIS registration processes as soon as possible. For specific guidance on registering in Grants.gov, please visit Grants.gov. For specific guidance on using AMIS, see the AMIS homepage: https://amis.cdfifund.gov.

Multiple Applications from one organization (including its Affiliates and Subsidiaries) are not permitted. If an Applicant submits multiple SF-424s in Grants.gov, the CDFI Fund will only review the last SF-424 submitted in Grants.gov. Applicants may only submit one Application through AMIS. Only those attachments requested by the CDFI Fund will be considered during the Application review process.

(13) **Will the information that I provide in my CMF Application be available to the general public?**

Subject to certain exemptions, any information submitted by Applicants may be released to the general public pursuant to the Freedom of Information Act (FOIA) (5 U.S.C. 552, *et seq.*) and other applicable federal laws and regulations. In general, the FOIA makes federal agency records available to the public unless the information requested is exempt from disclosure. Trade secrets and commercial or financial information submitted by Applicants may be exempt from disclosure pursuant to the FOIA. Applicants should consult their legal counsel for further guidance on this matter.

(14) **What are the activity limitations with respect to using CMF Awards in conjunction with other CDFI Fund program awards?**

The limitations on using a CMF Award with other CDFI Fund program awards are listed in Section II.C of the NOFA. Since Affordable Housing and Economic Development Activities result in physical structures, for the FY 2017 funding round, the activity limitation will be implemented on a property-level basis. A CMF Award Recipient may not use its CMF Award and awards/allocations from its other CDFI Fund programs to finance activities in the same property unless the CMF Award dollars are used to
finance/support a different “phase” of development than what is funded by the Recipient’s other CDFI Fund program awards/allocations. The separate phases of development financing are considered to be: 1) predevelopment; 2) acquisition; 3) site work (preconstruction); 4) construction/rehabilitation; 5) permanent financing; or 6) bridge financing between two or more phases. For example, financing for construction is a different phase than permanent financing. If the Recipient has received multiple CMF Awards, these awards are not subject to this phasing restriction and may be combined in the same Project phase.

If providing Homeownership assistance, a CMF Award may be used in conjunction with awards/allocations from other CDFI Fund programs only if the Project can be divided into such phases, and the CMF Award is used in a different phase from the other CDFI Fund program awards/allocations. To clarify, a CMF Award cannot be used for a Homeownership property that is permanently financed (or supported) by both the Recipient’s CMF Award and an award/allocation from another CDFI Fund program (e.g., down payment assistance funded from CMF dollars may not be combined with a permanent mortgage funded from another CDFI Fund program).

If a CMF Recipient uses its Award with other CDFI Fund program awards, funds from these other awards may not be counted as Leveraged Costs. No CMF Award funds from any funding round can be counted as Leveraged Costs.

The restrictions described above only apply when a Recipient or any of its Affiliates combines its CMF Award with other CDFI Fund awards/allocations it may have received.

In all cases, the CMF Award remains subject to the following restriction imposed by the CDFI Bond Guarantee (BG) Program: award funds received under any CDFI Fund award cannot be used by any participant of the BG Program, including Qualified Issuers, Eligible CDFIs, and Secondary Borrowers, to pay principal, interest, fees, administrative costs, or issuance costs (including Bond Issuance Fees) related to the BG Program, or to fund the Risk Share Pool for a Bond Issue (all capitalized terms used in this sentence, other than “CMF Award”, shall have the meanings ascribed to them in the BG Program regulations and applicable guidance).

(15) Can a CMF Recipient combine its CMF Award with its CDFI Financial Assistance (FA) Award into one loan pool or one “fund”?

Although not recommended, CMF and CDFI Program Awards may be combined into one loan pool or fund, but the Recipient must be able to separately account for the use of CMF Award dollars. Additionally, a Recipient’s CMF Award and other CDFI Program awards may not be used in the same development phase in a property, as described in Question #14. If the Recipient uses a CMF Award and another CDFI Program award in the same property, but for different phases, the CDFI Program award funds cannot be counted as Leveraged Costs. If a Recipient of both CMF and CDFI FA awards combines all or part of its awards into one “fund,” the Recipient must establish appropriate accounting procedures and internal controls to separately track dollars from the FA award and the CMF Award, such that the CMF program requirements can be met and documented for compliance purposes.
(16) Are projects that receive financing under the CMF subject to environmental review?

Yes. Projects that will receive funding from a CMF Award must be evaluated to determine whether they will have a significant impact on the environment or are projects that would typically require the completion of an environmental impact statement. However, in virtually all cases, Recipients historically have been able to identify one or more “categorical exclusions”. A categorical exclusion means that the CDFI Fund has already determined that certain actions will not have a significant impact, so neither an environmental assessment nor environmental impact statement need to be completed by the CDFI Fund prior to the investment taking place. See 12 C.F.R.1815 and 12 C.F.R.1815.110 more specifically for the list of categorical exclusions.

The most common categorical exclusion is when the CDFI Fund financial assistance to the project (as defined 12 C.F.R. 1815.102 (a)(10) is $1 million or less. When calculating this, the Recipient must consider all sources of traceable financing (during all phases) from CDFI Fund awards, except from the NMTC Program. This applies to whether the financing is from a source other than the Recipient. Only the actual CDFI Fund sourced dollars have to be counted, as opposed to other capital that is leveraged.

When applying for an award, the Applicant needs to assess whether its pipeline includes projects that would be “categorically excluded” from a finding of significant impact. And in doing so, the Applicant is required to complete the Environmental Review Form, certifying that its investments will neither require an environmental assessment nor an environmental impact statement.

The CDFI Fund recognizes that Recipients may have changes in investments after the time of Application, so once a grant is awarded under the CMF Program, the Recipient will be expected to assess each project individually and to refer those projects that are not categorically excluded under the regulations to the CDFI Fund. Projects that are not categorically excluded must be reported to the CDFI Fund for administrative review. Otherwise, the Recipients must retain a copy of a completed Environmental Review Form for each project in the event of inspection of the documentation for compliance purposes.

(17) Is there a limit to the total CMF Award amount that an Applicant may request in the FY 2017 CMF Funding Round?

The CMF authorizing statute caps the amount that the CDFI Fund can award to one Applicant at 15 percent of the total amount available. For the FY 2017 Round, this amount is $17.9 million. CMF Applicants cannot request an amount larger than this statutory cap. Applicants should be aware that the CDFI Fund does not intend to make awards as large as the statutory cap. For example, in the FY 2016 CMF Round, the statutory cap was $13.7 million, and the largest award was $5.5 million.

In addition, the CDFI Fund will not consider Applications that request less than $500,000, based upon the administrative and compliance responsibilities for Recipients for such awards.
The CDFI Fund reserves the right, in its sole discretion, to provide a CMF Award in an amount other than that which the Applicant requests. However, the total CMF Award amount will not exceed the Applicant’s award request as stated in its Application or be less than $500,000.

(18) When is the anticipated Award Announcement and Anticipated start date for the Periods of Performance?

The CDFI Fund anticipates making CMF Award announcements in late 2017/early 2018. The period of performance for the FY 2017 CMF Awards will start on the date of the award announcement.

Questions on CMF Eligible Uses

(19) May I apply for more than one type of activity in a single application?

Yes, Applicants may apply for any combination of activity types and eligible activities (listed in Question 9 of the Application). If selected for a CMF Award, the authorized activities will be specified in the Assistance Agreement. The authorized activities in the Assistance Agreement may not include all those requested in the Application, depending on the final award determination.

(20) What restrictions are there on the use of a CMF Award and associated Leveraged Costs?

Restrictions on the use of a CMF Award and the costs that can be counted as Leveraged Costs are described in detail in the NOFA, Interim Rule and Assistance Agreement. Applicants should review all of these documents before completing CMF Application materials. Also please see Questions #23 for more information about what is included in Eligible Project Costs.

As detailed in the Interim Rule and/or NOFA, some notable restrictions include:

- No CMF Award, nor any Leveraged Costs, may be attributable to units of housing unless the units are affordable to Eligible-Income, Low-Income, Very Low-Income, or Extremely Low-Income Families.

- More than 50 percent of the Eligible Project Costs (CMF Award plus Leveraged Costs) must be attributable to Affordable Housing that comply with the affordability qualifications for Low-Income, Very Low-Income, or Extremely Low-Income Families.

- No more than 30 percent of a CMF Award may be used to finance Economic Development Activities (including Community Service Facilities).

- No more than 5 percent of a CMF Award may be used to cover the Direct Administrative Expenses, as defined in 12 C.F.R. 1807.104.
(21) **Can a CMF Award be used for mortgage financing of owner-occupied homes?**

Yes, mortgage financing of owner-occupied homes is an eligible use of a CMF Award. Down payment assistance, first mortgage, and subordinate loans are also allowable uses of a CMF Award.

(22) **Can CMF Awards be used for activities other than real estate?**

No. All CMF Award and Leveraged Costs must be used to support or finance Affordable Housing and/or Economic Development Activities, including Community Service Facilities (i.e. physical structures). For example, a CMF Award may not be used to pay for services offered at Community Service Facilities or ongoing operating costs at such facilities. While activities such as Loan Loss Reserves and Loan Guarantees are eligible activities, they must support real estate Projects.

(23) **What are examples of Eligible Project Costs?**

Eligible Project Costs are defined in the Interim Rule as the sum of the CMF Award and the funds leveraged (Leveraged Costs). Leveraged Costs are defined in the Interim Rule as costs for Affordable Housing Activities and Economic Development Activities that exceed the dollar amount of the CMF Award. Leveraged Costs are those costs which are directly attributable to the Affordable Housing Activity and Economic Development Activity being financed. Costs that may be treated as Eligible Project Costs include:

- Development hard costs (including site improvements)
- Refinancing costs
- Land or building acquisition cost
- Related soft costs, associated with financing or development of the Project, which may include:
  - Architectural, engineering, or related professional services
  - Costs to process and settle the financing for a Project
  - Audits or accounting
  - Marketing
  - For new construction or rehabilitation, an initial operating deficit
  - Impact fees
  - Environmental Review
- Relocation costs
- Loan Loss Reserves or Loan Guarantees (when the CMF Award is used for this purpose).

Ineligible costs are those that are not part of the financing of the Affordable Housing Activity and Economic Development Activity, such as general organization overhead, development of accompanying ineligible housing or real estate and costs associated with the project after completion. Per the Interim Rule, the Recipient may not use more than 5 percent of its CMF Award for Direct Administrative Expenses, as described in 2 C.F.R. 200.413 of the Uniform Administrative Requirements. Please note that costs financed/supported by the Recipient’s award or allocation from another CDFI Fund program cannot be counted as Leveraged Costs for the CMF Award. (See FAQ #14 for more information).
(24) **What is the difference between a Revolving Loan Fund and an Affordable Housing Fund?**

Both terms are defined in the Interim Rule (see 12 C.F.R. 1807.104). An Affordable Housing Fund applies to a broader range of activities – including a grant fund, an equity investment fund, or any type of loan fund (including one that does not revolve). Capital in an Affordable Housing Fund must only be used to finance/support Affordable Housing Activities. Grants, loans, or investments from an Affordable Housing Fund may be either short- or long-term in nature, and repayment may exceed the 10 year affordability period of CMF.

A Revolving Loan Fund is a pool of funds managed by the Recipient that can be used to make loans for Affordable Housing and/or Economic Development Activities (based on the eligible uses of the CMF Award approved in the Assistance Agreement). Additionally, Revolving loans tend to be shorter term in nature and intended to be repaid so that the loan proceeds can be used to provide additional loans. Each new property financed or supported with the loan must meet the affordability restrictions and all such properties must be monitored for affordability for 10 years, regardless of the term of the loan.

For the purposes of completing Question 9(a) in the Application, an Applicant may not double count the same proposed activity by entering the same amounts under both “% Capitalize a Revolving Loan Fund” and “% Capitalize an Affordable Housing Fund.”

For example, if the Applicant planned to use 75 percent of its CMF Award to finance the production of Affordable Housing, it could do so by proposing to capitalize a Revolving Loan Fund for Affordable Housing Activities or it could propose to do so by proposing to capitalize an Affordable Housing Fund. The Application would either enter 75 percent into “% Capitalize a Revolving Loan Fund” or 75 percent into “% Capitalize an Affordable Housing Fund.” It may not enter 75 percent into both categories, because all of the items in Question 9(a) must add up to 100 percent.

(25) **What is the definition of Preservation? Is Preservation assumed to be without Rehabilitation? Or will some of our Rehabilitation and Preservation numbers overlap?**

Generally speaking, Preservation refers to the purchase or refinancing of affordable housing for the purpose of keeping that housing affordable, particularly if it is at risk for losing its affordability through market forces. Please refer to the full definition of Preservation within the definition section of the Interim Rule (12 C.F.R. Part 1807.104). As outlined in the definition, Preservation could include activities with or without Rehabilitation. However, for the purposes of reporting the Applicant’s Financing Activity by Activity Type (e.g., in Question 9(c), Tables A, C, and F), please report all Preservation Activities as Preservation even if it does include Rehabilitation, to prevent overlap or double counting.
Questions on Leverage Calculations

(26) What is “leveraging” and how do I calculate it?

In community development finance, the term “leverage” means the ability to use capital from other sources to maximize public resources. Each CMF Award must result in Eligible Project Costs (CMF Award plus Leveraged Costs) in an amount that equals at least 10 times the amount of the CMF Award. Sources of capital leveraged by the CMF Award may include loans from banks, investments from foundations, equity through Low Income Housing Tax Credits (LIHTC) or funds contributed by the Applicant or from state or local governments. The combination of the CMF Award and the funds leveraged make up Eligible Project Costs for the CMF program. Please refer to the Interim Rule (at 12 C.F.R. 1807.500) for further detail on Eligible Project Costs.

For example, if an Awardee receives a $5 million CMF Award, and it finances several Multi-family housing projects whose aggregate Eligible Project Costs total $50 million, it would be deemed to have leveraged its award dollars by a factor of 10 (i.e., $50 million / $5 million = 10). In this example, $45 million would be considered Leveraged Costs ($50 million - $5 million).

(27) What is “Enterprise-level” leverage?

Applicants are asked to break down the amount of leveraged funds they plan to raise into three categories: (i) enterprise-level leverage, (ii) re-investment leverage, and (iii) project-level leverage. These categories are specifically defined in the Application Instructions. Applicants must ensure that they are not listing the same leverage funds in more than one category.

**Enterprise Level:** Capital earned or raised at the organization level which is not restricted to specific projects. Enterprise-level leverage must be used to finance and/or support CMF Eligible Project Costs.

Enterprise-level leverage can include the following:

**Private, Third-Party Investment:** Capital raised from third-party sources which is invested in or loaned to the Applicant and allocated to CMF eligible activities. Examples include loans from financial institutions and program-related investments (PRI) from foundations.

**Contributed Capital:** Capital from the Applicant’s own resources which is lent or allocated to CMF eligible activities. Examples include retained earnings or equity.

**Public Leverage:** Grants, loans to, or other investments in the Applicant from state, local or other federal government programs which is lent or allocated the Applicant and used for CMF eligible activities.

(28) What is “Re-investment” leverage?

**Re-investment Level:** Redeploying repaid proceeds of CMF Award and/or Enterprise-level capital during the 5-year investment period.
Recipients of a CMF Award in the FY 2017 CMF Round will be required to reinvest any principal repayments of its CMF Award into CMF eligible activities during the five-year Investment Period.

(29) What is “Project-level” leverage?

Project Level: Capital raised to finance specific, identified properties.

Project-level leverage can include the following:

Private Investment: Capital raised from third party sources which is invested in or loaned to a specific Project. This could include loans from financial institutions, secured by the real estate and investments through the sale of LIHTCs.

Public Investment: Grants, loans or other investments for a specific Project from state, local or other federal government programs.

(30) What are public sources of leverage? What are private sources?

Public sources of leverage are typically grants, loans or awards made to the Applicant or Projects with funds that are appropriated by federal, state or local governments. Please note that costs financed/supported by the Recipient’s award or allocation from another CDFI Fund program cannot be counted as Leveraged Costs for the CMF Award. (See Question #14 for more information).

Private sources of leverage generally refer to investments or loans from private third-party entities. Examples include private activity bonds, LIHTC equity, other equity investments, lines of credit, loans or other investments from private sources, such as banks, private investors or philanthropic entities that are made to the Applicant or Projects.

(31) What types of leverage are considered third-party capital?

Capital sourced from any entity that is not the Applicant, its Subsidiaries or Affiliates (as defined in the Interim Rule at 12 C.F.R. 1807.104) is considered third-party capital. Examples of third-party leverage include a bank loan, or a grant from local government or a foundation that is restricted for use for eligible activities or Projects by the Applicant.

Any leverage capital provided by the Applicant, its Subsidiaries or Affiliates is not considered to be third party if that capital is sourced from the organization’s unrestricted funds (i.e., held by the organization as of the date the FY 2017 CMF NOFA was published), such as retained earnings, fee income, etc.

(32) Is there a preference for the type of leverage or leveraging strategy?

As set forth in the authorizing statute, one of the goals of the CMF is to attract private capital to increase investment in eligible activities. Applicants demonstrating that they can use the CMF Award to raise private capital, particularly third-party capital, will score more favorably for this criterion in the Business and Leveraging Strategy section of the Application. Similarly, Applicants that propose to leverage Enterprise-level or
Reinvestment capital (Applicant-level leverage) during the Investment Period of the CMF award (five years) will receive more favorable consideration.

(33) **How will CMF Recipients be held to the leverage ratios proposed in their Applications?**

Per Housing and Economic Recovery Act of 2008 (HERA), each CMF Award must result in Eligible Project Costs (CMF Award plus Leveraged Costs) in an amount that equals at least 10 times the amount of the CMF Award.

Additionally, Recipients must meet two additional benchmarks based on their CMF Application.

- **Private-leverage multiplier:** Applicants will have to achieve the “Private Leverage Multiplier” listed in Question 18a of the Application as a condition of the Assistance Agreement.

- **Applicant-level multiplier:** Applicants will have to achieve the “Applicant-level Multiplier” proposed in Question 16 of the Application as a condition of their Assistance Agreement. In order to meet this requirement, CMF Recipients will need to demonstrate that Applicant-level leverage (i.e., Enterprise-level and reinvestment leverage) was used to finance or support Eligible Project Costs by the end of the 5-year Investment period (or other timeframe specified in the Assistance Agreement, in the case of reinvestments).

### Questions on Community Impact

(34) **Is there a preference for serving particular populations or geographies?**

Applicants will be scored more favorably when:

a) Using a CMF Award for rental Affordable Housing Activities, serving Very Low-Income, or Extremely Low-income Families beyond what is minimally required by the Interim Rule and FY 2017 NOFA; or

b) Using a CMF Award for Homeownership Affordable Housing Activities, serving Low-Income Families beyond what is minimally required by the Interim Rule and FY 2017 NOFA; and

c) Using a CMF Award for Affordable Housing Activities that are located in Areas of Economic Distress.

In the Community Impact section of the Application, Applicants are asked to designate the percentage of activities that will be directed to these populations and areas. Applicants will be held to these commitments through their Assistance Agreements. Please refer to Question #39 for additional information regarding statutory priorities for geographic diversity.
(35) **What is an “Area of Economic Distress”?**

As defined in the FY 2017 CMF NOFA, Areas of Economic Distress are census tracts meeting one or more of the following:

(a) where at least 20 percent of households that are Very Low-Income (50% of AMI or below) spend more than half of their income on housing; or
(b) where the unemployment rate is at least 1.5 times the national average; or
(c) that are Low-Income Housing Tax Credit Qualified Census Tracts; or
(d) where greater than 20 percent of households have incomes below the poverty rate and the rental vacancy rate is at least 10 percent; or
(e) where greater than 20 percent of the households have incomes below the poverty rate and the homeownership vacancy rate is at least 10 percent; or
(f) are Underserved Rural Areas* as defined in the CMF Interim Rule (as amended February 8, 2016; 12 C.F.R. Part 1807)

*Underserved Rural Areas are defined as any census tracts that:

(i) is located in a Non-Metropolitan Area, and
(ii) qualifies as a Low-Income Area, and
(iii) is experiencing economic distress evidenced by 30 percent or more of resident households with one or more of these four housing conditions in the most recent census for which data are available:
   a. lacking complete plumbing, or
   b. lacking complete kitchen, or
   c. paying 30 percent or more of income for owner costs or tenant rent, or
   d. having more than 1 person per room.

The CDFI Fund has provided a data file on its website that indicates which census tracts qualify as Areas of Economic Distress for the FY 2017 CMF funding round. Applicants can access that data file here: [https://www.cdfifund.gov/programs-training/Programs/cmf/Pages/apply-step.aspx](https://www.cdfifund.gov/programs-training/Programs/cmf/Pages/apply-step.aspx). This data file is the definitive source as to whether a census tract qualifies as an Area of Economic Distress. Applicants may not use other data to qualify census tracts as Areas of Economic Distress.

If an Applicant would like to geocode a specific address to determine what census tract it is located in, the CDFI Fund recommends that Applicants use the CDFI Program view of the CDFI Fund’s Community Impact Mapping System (CIMS). A public link to the CIMS mapping tool can be found here: [https://www.cims.cdfifund.gov/preparation/?config=confiq_cdfi.xml](https://www.cims.cdfifund.gov/preparation/?config=confiq_cdfi.xml).

(36) **Is it a requirement that all CMF Activities take place in Areas of Economic Distress?**

No. Applicants are NOT required to undertake eligible activities exclusively in Areas of Economic Distress. However, Applicants proposing to develop/finance a higher percentage of housing units in Areas of Economic Distress will tend to score more favorably for this criterion than those with a lower proposed percentage. The definition of Economic Distress encompasses several elements, including areas with a high housing cost burden.
(37) **What is a Low-Income Area?**

Per CMF Interim Rule (12 C.F.R. 1807.104), a Low-Income Area (LIA) is a census tract or block numbering area in which the median income does not exceed 80 percent of the median income for the area in which such census tract or block numbering area is located. With respect to a census tract or block numbering area located within a Metropolitan Area, the median Family income shall be at or below 80 percent of the Metropolitan Area median Family income or the national Metropolitan Area median Family income, whichever is greater. In the case of a census tract or block numbering area located outside of a Metropolitan Area, the median Family income shall be at or below 80 percent of the statewide Non-Metropolitan Area median Family income or the national Non-Metropolitan Area median Family income, whichever is greater.

To find the percentage of median income for a given census tract, please reference the CDFI Program view of the CDFI Fund’s CIMS mapping tool. A public link to this tool can be found here: https://www.cims.cdfifund.gov/preparation/?config=config_cdfi.xml. The percentage of median income variable is called “Median Income (%)”.

Low-Income Area designations are only relevant to Economic Development Activities.

(38) **What is the definition of a Non-Metropolitan Area?**

Non-Metropolitan Areas are counties not contained within a Metropolitan Statistical Area, as such term is defined in OMB Bulletin No. 10-02 (Update of Statistical Area Definitions and Guidance on Their Uses) and applied to the 2010 census tracts. To determine if a census tract is located in a Non-Metropolitan area, Applicants should refer to the FY 2017 CMF Areas of Economic Distress data file posted on the CDFI Fund’s website.

(39) **How will the CDFI Fund ensure that the potential Recipient’s proposed activities and Service Areas represent broad geographic coverage and an equitable allocation of CMF Awards to Non-Metropolitan Areas?**

To the extent practicable, the CDFI Fund reserves the right to change preliminary CMF Award amounts and/or the preliminary Recipient pool, if necessary to achieve these objectives. In order to evaluate the geographic coverage of the potential CMF Recipient pool, Applicants will be asked to designate one of the following three Service Area types in their Applications: Local, Statewide, or Multi-State. These Service Area types are further defined in the Application; the largest Service Area an Applicant can propose is a 10 state Multi-State Service Area. To achieve greater investment in Non-Metropolitan Areas and/or broader geographic coverage, the CDFI Fund may consider an Application ranked outside of the highly qualified pool to receive an award. However, per the FY2017 CMF NOFA, the CDFI Fund will not award an Application that scores in the bottom 50% of the External Review score rankings.

Additionally, the CDFI Fund will use the information collected in Question 25 of the Application to require Recipients to invest a certain amount in Non-Metropolitan Areas. This question asks all Applicants to indicate both a minimum and maximum percentage of its CMF Award that it will commit to deploying in Non-Metropolitan Areas. The CDFI Fund will require each CMF Award Recipient to meet the minimum commitment stated in its Application. However, if, after initial funding determinations are made, these
commitments do not result in a proportional amount of dollars being invested in Non-Metropolitan Areas, the CDFI Fund may require some or all of the CMF Award Recipients to meet a percentage up to the maximum percentage listed in Question 25 of the Application. The CDFI Fund will achieve this balance by applying increases incrementally and uniformly. Therefore, Applicants should be careful to select a maximum percentage that they will be prepared to meet, regardless of the size of their final award.

**Questions about Program Requirements**

(40) **Can you clarify the key timeline requirements associated with using CMF Award funds?**

As outlined in the Interim Rule, the timelines are as follows:

- **Commitment of CMF Funds** – within 2 years of Effective Date of Assistance Agreement all funds must be committed.
- **Initial Disbursement** – within 3 years of Effective Date of Assistance Agreement, at least an initial disbursement must be made of the CMF Award.
- **Project Completion** – within 5 years of Effective Date of Assistance Agreement, all Projects must be completed.
- **Placed into Service** – within 12 months of Project Completion, a Project must be Placed into Service.

For the purposes of the CMF Program, “Placed into Service” means:

(a) For a rental housing project, at initial occupancy of the last CMF-funded unit (*i.e.*, a unit that is financed or supported by Eligible Project Costs) to be occupied within a project, when such tenant has signed the lease, been given the keys, and has met all other conditions such that this last tenant has the right to move-in and ninety percent (90%) of all CMF-funded units within the project have achieved initial occupancy;

(b) For homeownership housing, upon the transfer of equitable title to the homeowner such that the homeowner has the right to move-in to the unit;

(c) For owner-occupied Rehabilitation of homeownership housing only, upon Project Completion pursuant to 12 C.F.R. 1807.503; and

(d) For Economic Development Activities, when both of the following events have occurred, as applicable and as determined by the CDFI Fund:
   i. All requirements set forth in 12 C.F.R. 1807.503 have been met; and
   ii. At initial occupancy of the Community Service Facility or physical structure, when the initial tenant has signed the lease or appropriate agreement and has met all other conditions such that the tenant has the right to move-in.

Please note that if the Applicant anticipates reinvesting its CMF Award, Project Completion deadlines will be specified in the Assistance Agreement.
What terms and conditions will be placed upon CMF Award Recipients?

Each Applicant that is selected for a CMF Award must enter into an Assistance Agreement with the CDFI Fund in order to receive its award. The terms and conditions set forth in an Assistance Agreement include, but are not limited to, the following:

- The amount of the CMF Award;
- The amount of Eligible Project Costs supported through the CMF Award (total amount of leveraged dollars);
- Leverage Multipliers and Requirements;
- The approved Activities and Uses of the CMF Award;
- Production Targets;
- Portfolio-Level Targeted Incomes and Geographies;
- The timelines and deadlines for committing and disbursing the Award;
- The approved Service Area(s), including the level of commitment to Non-Metropolitan Areas;
- The commitments made to produce Affordable Housing for Low- and Very Low-Income Families;
- The commitments made to invest in areas of Economic Distress;
- Reporting requirements; and
- Other commitments, often identified in “Notes” in the Application Instructions or per the requirements of the FY 2017 CMF NOFA and Interim Rule.

How is “affordability” defined?

The affordability qualifications for both rental and homeownership housing are set forth in detail in the Interim Rule. Per the FY 2017 CMF NOFA, all affordability requirements will be measured on an aggregate basis, at the portfolio level, for Projects financed/supported with a FY 2017 CMF Award.

Affordability must be met in each of the following ways:

**Dollars:** 100% of the Total Eligible Project Costs (EPC) must be attributable to units that serve those at incomes of 120% AMI and below. Greater than 50% of the EPC must be attributable to units that serve those at Low, Very Low, and Extremely Low Incomes. Eligible Project Costs include the CMF Award dollars plus the Leveraged Costs.

**Income Limits:** The maximum income level for residents may not exceed 120% of the Area Median Income (AMI) for units financed with a CMF Award or Leveraged Costs.

**Income Targeting Benchmarks:** At least 20% of rental housing units produced with an FY2017 CMF Award or Leveraged Costs must be targeted to Very Low Income (50% AMI or below). At least 20% of homeownership units must be targeted to Low Income (80% AMI or below).

**Rents:** The Interim Rule, at 12 C.F.R. Part 1807.401(a), states that the gross rent limits for Affordable Housing are determined under the provisions in IRC section 42(g)(2).
**Long Term Restrictions:** Each Project funded must ensure affordability for at least 10 years.

**Homeownership Cost Limits:** The purchase price limits for homeownership are capped at 95% of the median purchase price for the area as determined by HUD.

(43) **Will performance related to the income targeting under the Assistance Agreement be measured on a project-by-project basis, or on an aggregate basis for all Projects financed or supported with a FY 2017 CMF Award?**

Performance will be measured on an aggregate, portfolio level and not on a project level as it relates to meeting the income targeting unit goals.

(44) **May mixed income Projects be financed with a CMF Award, for example, projects in which a portion of the units may serve those above 120% AMI?**

CMF-financed housing units may be part of a larger mixed income development where a portion of the units are at “market rate”, i.e., serving those with incomes above 120% AMI. However, the Recipient may not use its CMF Award to finance any of these units or count the costs associated with market rate units as Leveraged Costs. Further, the market rate units may not be counted toward meeting any performance goals under the Assistance Agreement.

(45) **Where is the data to determine who qualifies as Low-Income, Very Low-Income, and Extremely Low-Income Families?**

The Department of Housing and Urban Development (HUD) provides an annual Area Median Income (AMI) for every Metropolitan Area and county, which is the basis for determining income eligibility. A family that makes 80 percent of the AMI or less is considered Low-Income. A family that makes 50 percent of the AMI or less is considered Very Low-Income, and a family that makes 30 percent of the AMI or less is considered Extremely Low-Income (adjusted for family/bedroom size).

This information can be found at: [http://www.huduser.org/portal/datasets/il.html](http://www.huduser.org/portal/datasets/il.html) under “HUD Program Income Limits” for the most recent Fiscal Year.

(46) **What is the affordability period for Housing units financed and/or supported with a CMF Award?**

The affordability period for each CMF-funded project is the period beginning on the date when the project is Placed into Service and consisting of the full 10 consecutive years thereafter, during which period the Recipient must ensure the affordability requirements remain in place.

All rental units funded with a CMF Award must meet the affordability requirements stipulated in the Recipient’s Assistance Agreement and affordability must be maintained for at least 10 years from when the Project is Placed Into Service (see Question #40 for definition).

For Homeownership units, Recipients must design and implement resale strategies (also referred to as recoupment strategies) to ensure that CMF Awards are being used for
qualifying Families for the entire 10-year affordability period. In the event the initial qualifying Family sells its unit before the end of the 10-year affordability period, and the new homeowner does not meet the income restrictions (see 12 C.F.R. 1807.400), the Recipient must demonstrate that it placed another unit not already under any affordability restriction into service targeted to the same income population (i.e., Extremely Low-Income, Very Low-Income, Low-Income) as the original unit, as set forth in the Assistance Agreement, for the remaining portion of the (original) 10-year affordability period. It is possible that this could require a Recipient to use non-CMF dollars, in the event the Recipient is unable to recoup the original CMF investment.

The affordability restrictions for rental housing may terminate upon foreclosure or transfer in lieu of foreclosure. However, the restrictions shall be revived if during the affordability period the owner of record, former owner or their family obtains an interest in the Project. The affordability restrictions for Homeownership units may terminate in the event of foreclosure, transfer in lieu of foreclosure, or assignment of an FHA-insured mortgage to HUD.

(47) Must all of the units in a property, for which the CMF Award is used, serve Families under 120 percent of Area Median Income?

No. CMF-financed units may be part of a larger development or specific units within a building. While some portion of the larger development or specific units may be rented at market rates, 100 percent of those units attributable to Eligible Project Costs (CMF Award plus Leveraged Costs) must serve Eligible-Income Families. Eligible Income Families may not exceed 120 percent of AMI. Thus, it is possible to use CMF Award dollars on a property that consists of units which serve Families above 120 percent of AMI, but those costs associated with those units cannot be counted as Leveraged Costs and thus Eligible Project Costs.

(48) What will the Recipient’s responsibility be under the Assistance Agreement related to Loan Loss Reserves and Loan Guarantees?

The responsibilities of the Recipient under the Assistance Agreement are the same regardless of the eligible activity or financing type supported by the CMF Award. For eligible activities that do not provide a direct investment or loan to a borrower or property (e.g., Loan Loss Reserves, Loan Guarantees, etc.), the Recipient must ensure that the Affordable Housing and Economic Development Activities supported by these eligible activities meet all applicable requirements in the Assistance Agreement and in the Interim Rule (including the income-eligibility requirements of Subpart D and property standards of Subpart E).

For example, if the Applicant plans to use its CMF Award to provide Loan Guarantees for mortgages made by a third party, it will be responsible for ensuring that the properties being supported by such Loan Guarantees meet all requirements under its Assistance Agreement and the CMF Interim Rule.

(49) What is the Recipient’s responsibility under the Assistance Agreement if a Project fails to achieve Project Completion?

If the Project does not achieve Project Completion, this would be an event of noncompliance under Section 3.2(k) of the Assistance Agreement. The CDFI Fund will
assess such noncompliance on a case-by-case basis and may pursue any of the remedies set forth in the Recipient’s Assistance Agreement. The Recipient must notify the CDFI Fund as soon as the Recipient becomes aware that the requirements of the Assistance Agreement may not be met.

(50) The NOFA states that Applicants will be scored more favorably in the Business Strategy section to the “extent it proposes activities that are consistent with the Applicant’s track record” and will be scored more favorably in the Leveraging Strategy section to the extent “it demonstrates a track record of leveraging funds in a similar manner.” What is meant by “consistent” and “similar”, and what are some examples?

The CDFI Fund will evaluate both similarity and consistency from a broad perspective. For example, for track record, consistency may mean that the Applicant proposes to offer similar types of loan products or finance similar types of activities (e.g., homeownership vs. rental housing) that it has financed in the past. It does not mean that the Applicant must propose to offer the same exact product to the same exact type of borrowers. If an Applicant is planning to use its CMF Award to pursue a new product or line of business, it should be careful to explain in Question 12 how its past experience indicates that it will be able to successfully implement this new strategy.

The Applicant’s proposed activities would not be consistent with its track record if it represents significant departures from past experience. For example, if an Applicant proposes to use its CMF Award to provide second mortgages to homebuyers but its track record is exclusively construction financing for new multifamily housing, then its track record would not be highly consistent with its proposed CMF activities.

The similarity of sources of leverage will also be considered broadly. For example, if the Applicant proposes to leverage Low-Income Housing Tax Credits (LIHTC), the CDFI Fund will consider whether they have experience completing LIHTC projects. If the Applicant plans to raise grant funds from a foundation, the CDFI Fund will consider whether they have raised funding in this manner before.

(51) Can an Applicant lend directly to an entity owning a property (i.e., a limited liability company (LLC) or a limited partnership (LP) created to own a specific affordable housing property) or only to a developer?

Yes, a CMF Recipient may provide funds to a developer or to an LLC or LP created to own a specific property if the funds are used for Affordable Housing Activities (see Interim Rule 1807.104 for definition). The Recipient must ensure that the property meets all requirements specified in the CMF Interim Rule and NOFA throughout the Affordability Period and report on the units to the CDFI Fund, as specified in the Assistance Agreement.
Questions on AMIS and Application Data

(52) **How should an organization without a track record of lending to third parties (e.g., a non-profit housing developer) complete Table E?**

Any funds that an Applicant contributed to its own projects should be entered as financing in Table E of the date the financing closed. For example, if the Applicant expends its own funds to finance predevelopment activities, it should enter that amount in each year for this activity.

(53) **How should I complete the fields within Tables in Appendices 2 and 7 if certain fields are not relevant to the Applicant?**

Fields within each of these Tables may not be mandatory fields. However, we recommend that the Applicant enter “0” for any fields that do not apply to the Applicant in order to trigger the automated status updates within each form (Incomplete to Complete).

(54) **What is the SF-424 field within the Applicant Information section asking for and when must I update this field?**

This field links your completed SF-424 to your AMIS application. Once the Applicant completes the SF-424 Mandatory Form in Grants.gov, AMIS retrieves and stores it locally as a document in the AMIS document library. The identifier on the SF-424 Forms is your Assigned Grant Tracking Number, issued by Grants.gov. You can find and view the SF-424 Forms in the look-up field on next to the SF 424 field in the Application Information section. Searching for GRANT* will display the list of SF-424 forms.

Before submitting the AMIS Application (by August 31, 2017), the Applicant must select and link the correct SF-424 document in this field from the AMIS local document library, since it is possible that some organizations may have submitted multiple SF-424 forms. In the case of multiple SF-424 submissions, the Applicant should select the most recently submitted SF-424 for CMF. Please ensure that you attach an SF-424 as part of your FY 2017 CMF Application. Failure to attach the appropriate SF-424 could result in the Application being deemed ineligible.

(55) **In Table F, for Economic Development Activities, should we show only those that are In Conjunction with Affordable Housing Activities, or all Economic Development Activities?**

For Table F, you can list Economic Development Activities similar to those that will be financed with proposed CMF activities. These similar Economic Development Activities do not necessarily need to have occurred in Conjunction with Affordable Housing Activities. For example, if you’re proposed CMF strategy will focus on financing grocery stores In Conjunction with Affordable Housing Activities, for the purposes of reporting your track record activities, you may include all grocery stores financed in Table F.
How should I capture Economic Development Activity in Table D and Table G?

Tables D and G may only include data on the Applicant’s housing track record/projected production. Applicants may not include any data on non-housing activity in Tables D and G.

For the Track Record tables in Appendix 2, what dates should the data entered be based on and how should we handle projects under construction?

Per the Application Instructions document, in Table E, data should be entered based on the date the financing provided by the Applicant closed, regardless of the status of construction. In Tables F and G, data should be entered on the date the Project was “completed”. A rental project is completed when it receives its certificate of occupancy, and a homeownership unit is completed when title is transferred to a buyer, and for existing homeowners, completion occurs when a refinanced loan closes or if applicable, when rehabilitation is complete. No data on Projects currently under construction should be entered for the items in Table F or G.

Can CDFI Banks (the bank itself, not the holding company) submit Call Reports instead of audited financials?

Certified CDFI Insured Depository Institutions can provide Call Reports as an alternative to Audited Financial Statements.

Contact Information

Who can I contact if I have more specific questions?

<table>
<thead>
<tr>
<th>Topic of Question</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMF Application content questions</td>
<td>CDFI Fund Program Staff - Submit an AMIS Service Request in AMIS or email <a href="mailto:cmf@cdfi.treas.gov">cmf@cdfi.treas.gov</a></td>
</tr>
<tr>
<td>CDFI Certification questions, compliance with previous award, assistance or allocation agreements</td>
<td>CDFI Fund CCME Staff - Submit an AMIS Service Request in AMIS</td>
</tr>
<tr>
<td>CDFI Fund IT Support (AMIS)</td>
<td>CDFI Fund IT Staff Sumbit a Service Request in AMIS or email <a href="mailto:AMIS@cdfi.treas.gov">AMIS@cdfi.treas.gov</a></td>
</tr>
</tbody>
</table>

You may contact the CDFI Fund with questions until 5:00 pm ET, on August 29, 2017. After such time, the CDFI Fund will no longer respond to questions until after the CMF Application deadline has passed.
How can I submit a Service Request in AMIS to ask Application-related questions?

You can submit a Service Request in AMIS by following these steps:

1. Log into your AMIS account
2. Click on the “Service Requests” tab at the top
3. Click on the “Create New Service Request” button
4. Select “General Inquiry” for “Record Type” in the dropdown, then click the “Continue” button
5. Select the appropriate “Type” from the dropdown.
   a. If you are submitting an Application Question, select a “Type” of “CMF-Application” in the dropdown.
   b. If you are submitting a Compliance or CDFI Certification Question, select the appropriate compliance or certification type.
   c. If you are submitting an AMIS technical questions, select the type of “CMF – AMIS Technical Question”
6. Complete all required fields
7. Click the “Submit” button

Be aware that selecting the incorrect Type of Service Request could result in delays in your Service Request being processed.

* * * *

More detailed Application content requirements are found in the FY 2017 CMF Application and NOFA. In the event of any inconsistency between the contents of this Q&A document, the Interim Rule, the NOFA, the General Guidance, the 2017 CMF Application, and the statute that created the CMF Program (Housing and Economic Recovery Act of 2008, Pub. L. No. 110-289), the provisions of the statute and the Interim Rule shall govern.