Getting Acquainted with Your FY 2015 Assistance Agreement

FY 2015 CDFI & NACA Program Awards
Purpose of this Presentation

- This purpose of this presentation is to help FY 2015 CDFI & NACA Program recipients understand the requirements, terms, and conditions of their awards.
- References to Financial Assistance (FA) and Technical Assistance (TA) awards in this presentation include both CDFI & NACA Program Recipients, unless otherwise stated.
- Any information presented in this presentation is for educational purposes only.
- Your Assistance Agreement is the legally binding document governing your award.
Presentation Objectives

- Describe the Assistance Agreement and its purpose.
- Demonstrate what the Assistance Agreement looks like.
- Explain what the Assistance Agreement contains.
- Provide instructions on what to do with your Assistance Agreement.
- Deliver information about amending your Assistance Agreement.
- Explain the difference between an Assistance Agreement and an award application.
• The Assistance Agreement is a legally binding agreement between the CDFI Fund and the Recipient.
• The CDFI Fund executes an Assistance Agreement with all CDFI & NACA Program Recipients.
• The terms of the Assistance Agreement are based on the Recipient’s institution type, information submitted in the application, and other factors.
The Assistance Agreement contains the following:

- Annual Reporting requirements, and associated deadlines
- Performance Goals & Measures
- Authorized Activities for Award funds
- General Award Terms and Conditions
- Promissory Note and Loan Terms (loans only)
• Recipients should:
  – Read the entire Assistance Agreement
    • Assistance Agreements for each Award type and funding year are different.
    • Recipients with Awards from multiple funding rounds should read each agreement closely, as terms and conditions can, and do, change year to year.
  – Keep a copy of Assistance Agreement on file
  – Set up tickler system with due dates for reports
Throughout the performance period of the Assistance Agreement, the Recipient is required to report on its performance toward meeting the Performance Goal and Measure (PG&M) benchmarks.

- Recipients that meet all the terms and conditions, are considered to be compliant with the Assistance Agreement.
- Recipients that fail to meet the terms and conditions of the Assistance Agreement are considered to be noncompliant.

(For more details, please view forthcoming Compliance 101 materials)
• The Assistance Agreement must be signed by the Authorized Representative registered in the organization’s CDFI Fund Account.
• The Authorized Representative must have the legal authority to enter into an Assistance Agreement on behalf of an Award Recipient.
• The CDFI Fund will contact the Authorized Representative if additional information regarding the Assistance Agreement is needed.
• The CDFI Fund urges recipients to review the commitments in the Assistance Agreement very carefully before signing the document as the CDFI Fund expects recipients to fulfill all terms and conditions and meet timelines therein.
Presentation Topics

- Assistance Agreement Overview
- Timeline for Assistance Agreements
- Assistance Agreement Screenshots
- Other Important Assistance Agreement Information
- Authorized Financial and Technical Assistance Activities
- Making Changes to an Assistance Agreement
- Loan Documents and Standard Loan Product
Timeline for Assistance Agreements

• Award announcement letters contained specific timelines for the Assistance Agreement based on your award type.
• Consult your award announcement letter for the specific timeline for your organization.
• Core FA Recipients will not receive an Assistance Agreement until 100% of matching funds are “in hand.” (See forthcoming Payments materials for more detail)
• The charts provide a general timeframe for when you can expect actions to occur.
• These timelines are for reference only and may vary depending on an award recipient’s compliance with past awards, timely submission of materials, and other factors.
• A specific action will begin to occur on any date within the first month highlighted in the chart, and will continue over the course of the highlighted period for all award recipients.
Timeline for Assistance Agreements (Continued)

- The following award recipient types will be sent an Assistance Agreement via email to the Recipient’s Authorized Representative according to the schedule provided:
  - Technical Assistance Award Recipients;
  - SECA and NACA Financial Assistance Award Recipients; and
  - Core Financial Assistance Award Recipients that already demonstrated 100% matching funds in-hand.
- Core Financial Assistance Recipients that did not have 100% matching funds in hand at the time of application will receive their Assistance Agreements after providing 100% matching funds to the CDFI Fund.
- A letter will arrive with your Assistance Agreement with detailed instructions regarding the Award closing process.
## Core FA Award Recipients with Outstanding Matching Funds - Timeline

<table>
<thead>
<tr>
<th>Action</th>
<th>2015</th>
<th>2016</th>
<th>+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Award Announcements Made</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Matching Funds Analysis Letters Sent</td>
<td></td>
<td></td>
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<tr>
<td>Remaining Matching Funds Submission</td>
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<td></td>
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<tr>
<td>Payment Instruction Materials Released</td>
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<tr>
<td>Assistance Agreement Instruction Materials Released</td>
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<tr>
<td>Compliance 101 Instruction Materials Released</td>
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<tr>
<td>Assistance Agreements sent to Recipients</td>
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<tr>
<td>Assistance Agreements Signed &amp; Returned to CDFI Fund</td>
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<tr>
<td>Assistance Agreements Countersigned/Executed by CDFI Fund</td>
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<tr>
<td>Initial Payments sent to Recipients</td>
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<tr>
<td>Compliance 102 Instruction Materials Released</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 15 FA/HFFI FA Award Performance Period</td>
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<td></td>
</tr>
</tbody>
</table>

### Key
- **Matching Funds**
- **Postings**
- **Assistance Agreement**
- **Payments**
- **Performance Period**

The chart provides a general timeframe for when you can expect actions to occur; however, this timeline is for reference only and may vary depending on an award recipient’s compliance with past awards, timely submission of materials, and other factors. A specific action will begin to occur on any date within the first month highlighted in the chart, and will continue over the course of the highlighted period for all award recipients.
Core FA Award Recipients with 100% Matching Funds In-Hand at Application-Timeline

<table>
<thead>
<tr>
<th>Action</th>
<th>2015</th>
<th>2016</th>
<th>+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sep</td>
<td>Oct</td>
<td>Nov</td>
</tr>
<tr>
<td>Award Announcements Made</td>
<td></td>
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</tr>
<tr>
<td>Matching Funds Analysis Letters Sent</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment Instruction Materials Released</td>
<td></td>
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</tr>
<tr>
<td>Assistance Agreement Instruction Materials Released</td>
<td></td>
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<tr>
<td>Compliance 101 Instruction Materials Released</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Assistance Agreements Sent to Recipients</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Assistance Agreements Signed &amp; Returned by Recipients</td>
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<td></td>
</tr>
<tr>
<td>Assistance Agreements Countersigned/Executed by CDFI Fund</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial Payments sent to Recipients</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Compliance 102 Instruction Materials Released</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 15 FA/HFFI FA Award Performance Period</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

The chart provides a general timeframe for when you can expect actions to occur; however, this timeline is for reference only and may vary depending on an award recipient’s compliance with past awards, timely submission of materials, and other factors. A specific action will begin to occur on any date within the first month highlighted in the chart, and will continue over the course of the highlighted period for all award recipients.
# FA SECA and NACA Recipients - Timeline

<table>
<thead>
<tr>
<th>Action</th>
<th>2015</th>
<th>2016</th>
<th>+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sep</td>
<td>Oct</td>
<td>Nov</td>
</tr>
<tr>
<td>Award Announcements Made</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment Instruction Materials Released</td>
<td></td>
<td></td>
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<tr>
<td>Assistance Agreement Instruction Materials Released</td>
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<td></td>
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<tr>
<td>Compliance 101 Instruction Materials Released</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assistance Agreements Sent to Recipients</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Assistance Agreements Signed &amp; Returned to CDFI Fund</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Assistance Agreements Countersigned/Executed by CDFI Fund</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Initial Payments/Disbursements sent to Recipients</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Compliance Instruction Materials Released</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>FY 15 SECA/NACA FA Award Performance Period</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

The chart provides a general timeframe for when you can expect actions to occur; however, this timeline is for reference only and may vary depending on an award recipient’s compliance with past awards, timely submission of materials, and other factors. A specific action will begin to occur on any date within the first month highlighted in the chart, and will continue over the course of the highlighted period for all award recipients.
## TA SECA and NACA Recipients - Timeline

<table>
<thead>
<tr>
<th>Action</th>
<th>2015</th>
<th>2016</th>
<th>+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sep</td>
<td>Oct</td>
<td>Nov</td>
</tr>
<tr>
<td>Award Announcements Made</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment Instruction Materials Released</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Assistance Agreement Instruction Materials Released</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Compliance 101 Instruction Materials Released</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assistance Agreements Sent to Recipients</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Assistance Agreements Returned to CDFI Fund</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Assistance Agreements Countersigned/Executed by CDFI Fund</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Initial Payments/Disbursements sent to Recipients</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Compliance 102 Instruction Materials Released</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 15 TA/NACA TA Award Performance Period</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>FY 15 Sponsoring Entity/NACA TA Award Performance Period</td>
<td></td>
<td>x</td>
<td></td>
</tr>
</tbody>
</table>

### Key
- **Postings**: Blue
- **Assistance Agreement**: Orange
- **Payments**: Green
- **Performance Period**: Black

The chart provides a general timeframe for when you can expect actions to occur; however, this timeline is for reference only and may vary depending on an award recipient’s compliance with past awards, timely submission of materials, and other factors. A specific action will begin to occur on any date within the first month highlighted in the chart, and will continue over the course of the highlighted period for all award recipients.
Presentation Topics

- Assistance Agreement Overview
- Timeline for Assistance Agreements
- Assistance Agreement Screenshots
- Other Important Assistance Agreement Information
- Authorized Financial and Technical Assistance Activities
- Making Changes to an Assistance Agreement
- Loan Documents and Standard Loan Product
• The following slides:
  – Contain screenshots of the more relevant and frequently referenced pages and schedules found in the Assistance Agreement.
  – Designed to familiarize you with the Assistance Agreement.
• Within each Assistance Agreement schedule, only items applicable to your Award will be checked (e.g., Annual Reporting Requirements) or populated (e.g., performance goals).
• Note that screenshots are for informational purposes and the Assistance Agreement you receive may differ slightly in format.
**Assistance Agreement Cover Page**

<table>
<thead>
<tr>
<th><strong>Recipient</strong></th>
<th><strong>CDFI Fund Award Number:</strong></th>
</tr>
</thead>
</table>

**Address:**

**Applicable Program:** [CDFI/NACA] Program

**CFDA Number:**

**Date of Applicable NOFA:**

**Announcement Date (Performance Period Start Date):**

**By:**

**Authorized Representative:** Amber Kuchar

**Title:** Program Manager

**Community Development Financial Institutions Fund**

**By:**

**Authorized Representative:**

**Title:**

**Federal Award Date:**

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**Recipient Information**

- **Entity Type:** [Regulated/Non-regulated Sponsoring Entity]
- **CDFI Bank Holding Company:** [Y/N]
- **CDFI Certification Status as of Announcement Date:** [Certified/Not Certified]

**Financial Assistance:**

<table>
<thead>
<tr>
<th>Amount and Form of Financial Assistance (FA) Award</th>
<th>Initial FA Payment</th>
<th>Amount and Form of HFFI Financial Assistance (HFFI-FA) Award</th>
<th>Initial HFFI-FA Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary Capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposit</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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**Technical Assistance (TA) Award Amount**

- **Specific Authorized TA Activities are Outlined in Schedule 2-A**

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**Technical Assistance (TA) Award**

- **Initial TA Payment:**

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**CDFI Fund Award Number** can be found in the upper right corner of the Cover Page.

**Announcement Date** is located here. It is the Performance Period Start Date and Beginning of Performance Period 1.

**Performance Period Schedule** is found in Schedule 1-C.

**Authorized Representative** signs here.
# Annual Reporting Requirements (Schedule 1-A)

## Financial Condition Report Requirements

<table>
<thead>
<tr>
<th>Report</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single Audit Report</strong></td>
<td>Nonprofit Recipients must complete Single Audits pursuant to the Uniform Requirements (2 C.F.R. 200.500) if they expend $750,000 or more in Federal awards in their fiscal year, or such other dollar threshold established by OMB pursuant to 2 C.F.R. 200.500. If a Single Audit is required, it must be submitted electronically to the Federal Audit Clearinghouse (FAC).</td>
</tr>
<tr>
<td><strong>Financial Statements and Related Auditor’s and Accountant’s Review Report (Nonprofit Recipient)</strong></td>
<td>Recipients that are not required to submit a Single Audit for any given fiscal year, the Recipient shall submit to the CDFI Fund the Recipient's most recent statements of financial condition audited or reviewed by an independent certified public accountant, if any are prepared. Under no circumstances should this be construed as requiring the Recipient to conduct or arrange for additional audits not otherwise required under Uniform Requirements or otherwise prepared at the request of the Recipient or parties other than the CDFI Fund. [Not required for Insured Credit Union, Insured Depository Institution, Depository Institution Holding Company, or Sponsoring Entity]</td>
</tr>
<tr>
<td><strong>Financial Statements and Related Auditor’s and Accountant’s Review Report (For-profit Recipient)</strong></td>
<td>For-profit Recipient must submit statement of financial condition audited or reviewed by an independent certified public accountant. Financial statements will be reviewed by the CDFI Fund to determine the Recipient’s financial and managerial soundness. [Not required for Insured Credit Union, Insured Depository Institution, Depository Institution Holding Company, or Sponsoring Entity]</td>
</tr>
</tbody>
</table>
## Annual Reporting Requirements (Schedule 1-A) (Continued)

### Financial Condition Report Requirements

<table>
<thead>
<tr>
<th>Report</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institution Level Report (ILR)</td>
<td>The ILR must be submitted electronically through the CDFI Fund’s Community Investment Impact System (CIIS), which the Recipient will access through its CDFI Fund account.</td>
</tr>
<tr>
<td>Transaction Level Report</td>
<td>The TLR must be submitted electronically through the CDFI Fund’s Community Investment Impact System (CIIS), which the Recipient will access through its CDFI Fund account. If the Recipient receives Financial Assistance, it must submit the TLR to the CDFI Fund. The TLR data for CDFI Depository Institution Holding Company award Recipients should capture data on the individual loans and investments made by its Subsidiary CDFI Insured Depository Institution.</td>
</tr>
<tr>
<td>Shareholders Report</td>
<td>If the Assistance is in the form of an Equity Investment, the Recipient must submit shareholder information to the CDFI Fund showing the class, series, and number of shares and valuation of capital stock held or to be held by each shareholder. The Shareholder Report must be submitted for as long as the CDFI Fund is an equity holder.</td>
</tr>
</tbody>
</table>
## Performance Report Requirement

<table>
<thead>
<tr>
<th>Report</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Progress Report</td>
<td>Recipient must submit the Performance Progress Report to the CDFI Fund.</td>
</tr>
<tr>
<td>Uses of Funds Report</td>
<td>All Recipients must submit the Uses of Funds Report to the CDFI Fund.</td>
</tr>
</tbody>
</table>

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### Annual Report Submission Deadlines (Schedule 1-B)

<table>
<thead>
<tr>
<th>Report</th>
<th>Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Progress Report</td>
<td>Three (3) months after the end of each year of the Performance Period</td>
</tr>
<tr>
<td>Uses of Funds Report</td>
<td>Three (3) months after the end of each year of the Performance Period</td>
</tr>
<tr>
<td>Federal Financial Report/OMB Standard Form 425</td>
<td>Three (3) months after the end of each year of the Performance Period</td>
</tr>
<tr>
<td>Institution Level Report (ILR)</td>
<td>Six (6) months after the end of each year of the Performance Period</td>
</tr>
<tr>
<td>Transaction Level Report (TLR)</td>
<td>Six (6) months after the end of each year of the Performance Period</td>
</tr>
<tr>
<td>Shareholders Report</td>
<td>Six (6) months after the end of each year of the Performance Period</td>
</tr>
<tr>
<td>Financial Statements and Related Auditor’s and Accountant’s Review Report (Unregulated For-Profit and Nonprofit Recipients)</td>
<td>Six (6) months after the end of each year of the Performance Period</td>
</tr>
<tr>
<td>Single Audit Report</td>
<td>Nine (9) months after the end of each year of the Performance Period</td>
</tr>
</tbody>
</table>
Performance Goals (Schedule 1-C)

- Performance Goals & Measures (PG&Ms) are the minimum benchmarks that must be attained in order for a Recipient to remain in compliance with the Award Assistance Agreement.
- Only applicable PG&Ms will be populated into the Award Assistance Agreement.
- NOTE: In addition to meeting the PG&Ms, compliance is also dependent upon timely report submission and, if applicable, an unqualified audit opinion and an absence of material weakness findings in the Single Audit (see Award Compliance 101).
Authorized Technical Assistance Activities (Schedule 2-A)

- Lists approved Technical Assistance Budget.
- Further guidance related to allowable uses and permissible modifications to Authorized TA Activities and amounts are found in Sections 3.8 and 7.9 of the Award Assistance Agreement (see Award Compliance 101).
- TA funds can be expended for any approved Activity, at the Recipient’s discretion, without prior approval from the CDFI Fund.

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>AMOUNT</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation (Personal Services)</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Compensation (Fringe Benefits)</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Training and Education Costs</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Travel Costs</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Professional Service Costs</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td></td>
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</tr>
</tbody>
</table>

* The Recipient should refer to Section 3.8 of this Assistance Agreement for further guidance on Authorized Technical Assistance Activities as well as permissible modifications to Budget activities and amounts per category.
Authorized Financial Assistance Activities (Schedule 2-B)

- Authorized Financial Assistance (FA) Activities include Financial Products, Financial Services*, Development Services, Loan Loss Reserves, and Capital Reserves*.
- Financial Services and Capital Reserves are only authorized for Insured Depository Institutions.
- FA funds can be expended for any approved Activity, at the Recipient’s discretion, without prior approval from the CDFI Fund.
- Further guidance related to allowable uses and permissible modifications to Authorized FA Activities and amounts are found in Sections 3.7 and 7.9 of the Award Assistance Agreement (see forthcoming Compliance 101).

FINANCIAL ASSISTANCE BUDGET

The Recipient shall use the Financial Assistance for the following activities:

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>FA Amount</th>
<th>HFFI-FA Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Products</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Financial Services</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Development Services</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Loan Loss Reserves</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Capital Reserves</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$</strong></td>
<td><strong>$</strong></td>
</tr>
</tbody>
</table>

* The Recipient should refer to Section 3.7 of this Assistance Agreement for further guidance on Authorized Financial Assistance Activities as well as permissible modifications to Budget activities and amounts per category.
In order to receive award payments, Recipients must:

- Return a signed Assistance Agreement to the CDFI Fund
- Provide In-Hand Matching Funds documentation for 100% of FA award amount (Core FA recipients only)
- Be in compliance with terms & conditions of any prior award from the CDFI Fund.
- Maintain accurate banking information in the System for Award Management (SAM) (see Payments Presentation for more detail).
Application Vs. Authorized Award Activities

- Even though an award Recipient included certain projects and activities in their application, those activities may not be Authorized uses.
- The Recipient must ensure that activities performed with CDFI Fund dollars are allowable, allocable, and necessary.
  - Allowable – Allowed by CDFI Fund and Uniform Administrative Requirements (2 CFR 200)
  - Allocable – Incurred specifically for Award
  - Necessary – Required to achieve the organization’s strategic goals, implement its comprehensive business plan, and/or build the organization’s capacity to serve or expand service in its Target Market.
- Example:
  - An applicant requested $100,000 in the application for indirect costs such as rent, salaries, supplies.
  - Indirect costs are not allowable under the CDFI and NACA Programs
• Approved budgets are located in Schedule 2 of the Assistance Agreement (demonstrated in earlier screenshots)
  • TA budget is in Schedule 2-A
  • FA budget is in Schedule 2-B
• Authorized activities are based on requests made in the application and can be thought of as the Award budget.
• The CDFI Fund approves activities, not specific related financial transactions.
• Award funds can be expended on activities different than those requested in the application without prior CDFI Fund approval.
  – Modifications do not need to be approved by the CDFI Fund and can be implemented by the Recipient. (See later slides on Amendments and Modifications)
• The funds must always be used for allowable direct costs.
CDFI DIHC Recipients that deploy Financial Assistance awards through a Subsidiary CDFI Insured Depository Institution, must use award funds to capitalize the Subsidiary CDFI Insured Depository Institution to carry out Authorized Financial Assistance Activities.

The Recipient must ensure that the transfer of funds to the Subsidiary CDFI Insured Depository Institution meets the requirements described in section 200.331 of the Uniform Requirements.

CDFI DIHC Recipients must ensure that the CIIS Transaction Level Report (TLR) as described in Schedule 1 of the Assistance Agreement reflects the activities of the Subsidiary CDFI Insured Depository Institution that received the award funds.

An FA award that a DIHC passes through to a CDFI subsidiary bank may be considered Tier 1 capital by regulators. Such Recipients should consult their regulators for further guidance.
Presentation Topics

- Assistance Agreement Overview
- Timeline for Assistance Agreements
- Assistance Agreement Screenshots
- Other Important Assistance Agreement Information
- Authorized Financial and Technical Assistance Activities
- Making Changes to an Assistance Agreement
- Loan Documents and Standard Loan Product
General Award Terms & Conditions (Schedule 3): Authorized Activities

- Award funds can be spent on the following Authorized Activities outlined in the General Terms & Conditions (GT&C) section of the Assistance Agreement:
  - Financial Assistance (GT&C 3.7)
    - Financial Products, Financial Products, Development Services, Loan Loss Reserves, Capital Reserves
    - 15% of total Award can be used on Direct Administrative Expenses related to the above activities.
      - Direct Administrative Expenses are defined and described in slide 35
  - Technical Assistance (GT&C 3.8)
    - Personnel Compensation (Salary & Fringe Benefits), Travel, Training and Education, Professional Services, Supplies, Equipment
• Direct Expenses
  – Include costs that can be identified specifically with a particular final cost objective such as a federal Award, or other internal or external activity, or that can be directly assigned to such activities with a high degree of accuracy. 2 CFR 200.413

• Indirect Expenses are not allowable.
  – They include costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a specific sponsored project. 2 CFR 200 Appendix 3
  – Indirect expenses include salary not directly tied to the provision of Financial Products, Facilities and Administration (F&A) costs, depreciation, interest to pay off debt, construction, marketing, supplies and equipment.
Direct Administrative Expenses

- Direct Administrative Expenses are Direct Costs, as described in section 200.413 of the Uniform Requirements, which a Recipient incurs carrying out a Financial Assistance Project.
- These costs must be able to be specifically identified with the Project and not also recovered as Indirect Costs.
- Include Financial Assistance expended to carry out the Recipient’s eligible FA Activities. **Recipients can use no more than 15% of their Award for Direct Administrative Expenses.**

For example, the salary for a loan officer is a Direct Administrative Expense for Financial Products, but the salary for maintenance staff in the building where loans are provided is an indirect expense, and not allowable.

There are no Direct Administrative Expenses for TA Awards as all expenses made towards the authorized activities are direct expenses.
# FA Authorized Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>Direct Expense</th>
<th>Direct Administrative Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Products</td>
<td>• Loans, equity investments and similar financing activities to the Target Market.</td>
<td>• Costs of personnel (salary and fringe), travel costs, and professional services expended to carry out loans, equity investments, and similar financing activities to the Target Market.</td>
</tr>
<tr>
<td>Loan Loss Reserves</td>
<td>• Funds set aside in the form of cash reserves or through accounting-based accrual reserves that serve as a cushion to protect the Recipient against future losses</td>
<td>• Costs of personnel (salary and fringe) directly tied to LLR.</td>
</tr>
</tbody>
</table>
| Development Services   | • Costs to provide financial or credit counseling; homeownership counseling; and business planning and management assistance  
                          • For example, staff salary providing the credit counseling to the Target Market. |                                                                                                  |
### FA Authorized Activities (Cont.)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Direct Expense</th>
<th>Direct Administrative Expense</th>
</tr>
</thead>
</table>
| Financial Services*      | • Cost to provide checking, savings accounts, check cashing, money orders, certified checks, equipment (such as automated teller machines), deposit taking, safe deposit box services, and other similar services to the Target Market  
  • Costs of personnel (salary and fringe) providing the above services. | • Travel costs, and professional services contributing directly to providing financial services. |
| Capital Reserves*         | • Funds set aside in the form of cash reserves or through accounting-based accrual reserves that serve as a cushion to protect the Recipient against future losses |                                                                                                 |

*Financial Services and Capital Reserves are only allowable for Insured Depository Institutions.*
## TA Authorized Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>Direct Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Compensation</td>
<td>• A Recipient may use a TA grant to cover the salary and/or the fringe benefits paid currently or accrued by the organization for services rendered by its permanent staff in carrying out a distinct project or for a set period during the performance period defined in the Assistance Agreement.</td>
</tr>
<tr>
<td>Training and Education</td>
<td>• A Recipient may use a TA grant to acquire external training for its staff, volunteers, or board members in order to increase the effectiveness of its existing and future administrative operations and programs by developing its human capital.</td>
</tr>
<tr>
<td>Travel</td>
<td>• A Recipient may use a TA grant to cover travel expenses for staff, consultants, or board members. Allowable travel-related expenses include air or train fare, lodging, mileage, rental cars, taxi and subsistence (e.g., meals). Travel expenses must be reasonable and consistent with the Recipient’s own travel policies.</td>
</tr>
</tbody>
</table>
### TA Authorized Activities (Cont.)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Direct Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Services</td>
<td>- A Recipient may use a TA grant to pay for professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the Recipient, subject to the applicable provisions of the Uniform Federal Award Requirements. Payment for a consultant’s services may not exceed the daily equivalent of the current maximum rate paid to an Executive Schedule Level IV Federal employee.</td>
</tr>
<tr>
<td>Equipment</td>
<td>- A Recipient may use TA to pay for tangible personal property, having a useful life of more than one year and a per-unit acquisition cost of at least $5,000 and subject to the applicable provisions of the Uniform Federal</td>
</tr>
<tr>
<td>Supplies</td>
<td>- A Recipient may use TA to acquire tangible personal property with a per unit acquisition of less than $5,000 and subject to the applicable provisions of the Uniform Federal Award Requirements. A laptop is a supply if the acquisition cost is less than $5,000, regardless of the length of its useful life.</td>
</tr>
</tbody>
</table>
• If something you are going to spend your money on does not fit neatly into the previously mentioned Authorized Activities categories, or if you are unsure, first consult the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200)
  – Cost principles are found in Subpart E
  – [http://www.ecfr.gov/cgi-bin/text-idx?node=2:1.1.2.2.1&rgn=div5#sp2.1.200.e](http://www.ecfr.gov/cgi-bin/text-idx?node=2:1.1.2.2.1&rgn=div5#sp2.1.200.e)

• Contact the CDFI Fund before expending funds if you have questions (contact information is available at the end of the presentation)
  – Recipients are responsible for funds expended on unallowable activities.
Presentation Topics

- Assistance Agreement Overview
- Timeline for Assistance Agreements
- Assistance Agreement Screenshots
- Other Important Assistance Agreement Information
- Authorized Financial and Technical Assistance Activities
- Making Changes to an Assistance Agreement
- Loan Documents and Standard Loan Product
Making Changes to an Assistance Agreement

• An Amendment allows the terms of the Assistance Agreement to be amended, modified, or supplemented only by the mutual written consent of the Recipient and the CDFI Fund.
• Amendments need to be approved by the CDFI Fund. Modifications do not need to be approved by the CDFI Fund and can be implemented by the Recipient.
• The following slides explain when you may need an Amendment versus when a Recipient can make a modification.
Why you would need to amend an Assistance Agreement:
- Changes to the organization’s Fiscal Year End.
- Unable to meet Performance Goals and Measures.
- Need additional time to complete Performance Goals and Measures for which the Award funds have been expended.

The following can be modified without an Amendment:
- Transfer funds between Authorized Activities;
- Use cost savings from one Authorized Activity for a new Activity; and/or
- Add or Eliminate an Activity.

Previous CDFI Fund Award Recipients should note that this differs from previous CDFI Fund amendment policies.

The CDFI Fund reserves the right to require the Recipient to repay all or a portion of the Award if the Recipient expends funds for an Activity(ies) that does not meet the aforementioned criteria for allowable activities.

The CDFI Fund intends to strictly enforce Assistance Agreements, amendments other than those to change the Recipient's fiscal year end will be permitted on a very limited basis and at the discretion of the CDFI Fund.
Examples of TA Authorized Activities Modifications without an Amendment

• TA Recipients do not need prior approval from the CDFI Fund to:
  – Transfer funds between TA Authorized Activity categories:
    • Example: Recipient received $10,000 to hire a consultant for strategic planning (Professional Services), but consultant is no longer available, and Recipient would like to send 10 of its staff members to an underwriting training instead (Training).
  – Use cost savings from one Authorized TA Activity for a new TA Activity:
    • Example: Recipient received $10,000 to hire a consultant for strategic planning (Professional Services), but consultant only charged $5,000, and Recipient would like to send 5 of its staff members to an underwriting training using the remaining balance of funds (Training).
Examples of TA Authorized Activities Modifications without an Amendment

• TA Recipients do not need prior approval from the CDFI Fund to:
  - Eliminate a TA Authorized Activity
    • Example: Recipient received $10,000 to hire a consultant for strategic planning (Professional Services), but the final amount of the consultant’s bid was $15,000 and more than the original budget. The Recipient determined that the consulting services exceeded their Authorized Activity amount, and they do not have extra money to pay the difference. Therefore the Recipient is allowed to eliminate the strategic planning consulting, and instead contract out their collections and hire a collections servicing agent for $10,000 or less (Professional Services).

• As long as the modified budget items are allowable and the uses will build your organization’s capacity to meet your strategic goals and serve your target market(s), then you may proceed with the modification without prior approval.
Examples of FA Authorized Activities Modifications without an Amendment

- Per 2 CFR Part 200, FA Recipients do not need prior approval from the CDFI Fund to modify the following:
  - Transfer funds between or within Authorized FA Activities categories:
    - Example: A Bank Recipient received $500,000 for loan loss reserves (Loan Loss Reserve) and $500,000 for affordable housing predevelopment loans (Financial Products) for a total award of $1 million, but they determine that they only need $250,000 for loan loss reserves. The Recipient decides to spend the remaining $250,000 on affordable housing predevelopment loans (Financial Products) and therefore has $750,000 of Financial Services Authorized Activities and $250,000 for Loan Loss Reserves.
  - Use cost savings from one Authorized FA Activity for a new allowable Activity; and/or
    - Example: A credit union Recipient received $500,000 for loan loss reserves (Loan Loss Reserve) for a total award of $500,000, but their write offs were not as high as they originally anticipated and determine that they actually need $250,000 in loan capital for affordable housing predevelopment loans (Financial Products) and therefore decide to use $250,000 of the award affordable housing predevelopment loans (Financial Products) and only $250,000 on loan loss reserves (Loan Loss Reserves).
Examples of FA Authorized Activities Modifications without an Amendment

- Per 2 CFR Part 200, FA Recipients do not need prior approval from the CDFI Fund to modify the following:
  - Eliminating a FA Authorized Activity or task
    - Example: A small business loan fund Recipient received $500,000 for loan loss reserves (Loan Loss Reserves), but they received another grant from a foundation that also provides them with $500,000 of Loan Loss Reserve capital. Because they only need $500,000 of loan loss reserves, they can now use their CDFI Fund award to continue to provide small business loans, even though they did not request lending capital in their original application.

- As long as the modified budget items are allowable under the Assistance Agreement and Uniform Administrative Requirements, and the uses will build your organization’s capacity to meet your strategic goals and serve your target market(s), then you may proceed with the modification on your own.
Presentation Topics

- Assistance Agreement Overview
- Timeline for Assistance Agreements
- Assistance Agreement Screenshots
- Other Important Assistance Agreement Information
- Authorized Financial and Technical Assistance Activities
- Making Changes to an Assistance Agreement
- Loan Documents and Standard Loan Product
• When CORE FA recipients submit loans as matching funds, the CDFI Fund provides a standard loan product.
• Based on the amount of loan submitted as matching funds, a Recipient will receive a standard loan with a rate of 2.5% with a thirteen year term.
• The loan is interest only for the first ten years and will fully amortize for the last three years of the term.
• For Recipients with loan components to CORE FA Awards, a promissory note will be included in the Assistance Agreement package in Attachment A.
  – The promissory note sets the principal, interest rates and term of the loan and is a legal agreement between the Recipient and CDFI Fund stating that the Recipient agrees to repay principal and interest to the government.
• Loan Repayment Schedule
  – The repayment schedule for the loan component will be included in the Assistance Agreement package in Attachment B.
PROMISSORY NOTE

Washington, DC
Date: ______________

For Value Received, the undersigned, ______________________ (the Recipient) hereby
promises to pay to the order of the Community Development Financial Institutions Fund (the
CDFI Fund), a wholly-owned government corporation within the U.S. Department of the
Treasury, at 1500 Pennsylvania Avenue, N.W., Washington, DC 20220, or to order, up to the
principal sum of ______________________ ($______) (or such lesser amount as shall equal the
aggregate unpaid principal amount of the loan paid by the CDFI Fund to the Recipient under the
Assistance Agreement), payable in its entirety in ___ years by the date of maturity of this
promissory note (this Note), ______ __, _____ (the Maturity Date). The loan funds will be
paid to the Recipient in one or more payments as described in section 3.3 and 3.4 of the
Assistance Agreement.

The Recipient further promises to pay interest at the rate of _____________
(____%) per annum, accruing daily from the date hereof on the unpaid principal balance from
time to time outstanding on this Note. Interest shall be payable semi-annually in arrears on the
last day of June and December of each year until the Maturity Date, beginning on the first June
or December after payment of the loan funds. Interest shall be computed on the basis of a year
of 360 days comprised of twelve (12) 30-day months and for the actual number of days elapsed
thereafter until paid.

A new draw-down will require the generation of a new payment schedule.

Draw-down details.

Total Loan Amount
## Term Sheet

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amount</strong></td>
<td>Based on approved Matching Funds</td>
</tr>
<tr>
<td><strong>Rate</strong></td>
<td>2.5% fixed rate</td>
</tr>
<tr>
<td><strong>Term</strong></td>
<td>Thirteen (13) years</td>
</tr>
<tr>
<td><strong>Principal</strong></td>
<td>Principal amortized payments due in years eleven through thirteen</td>
</tr>
<tr>
<td><strong>Interest Payments</strong></td>
<td>Semi-annual</td>
</tr>
<tr>
<td><strong>Collateral Requirements</strong></td>
<td>None</td>
</tr>
<tr>
<td><strong>Lender Position</strong></td>
<td>Senior</td>
</tr>
</tbody>
</table>
• The following forthcoming materials will provide more information about these topics:
  – Payments
    • How to receive your award payment.
    • Matching Funds requirements (Core FA Recipients only)
  – Compliance 101 and Compliance 102
    • What goals and measures Recipients are required to meet as a result of receiving an award.
    • How and when to submit compliance reports to the CDFI Fund.
For questions on general terms and conditions of an award, and allowable uses of funds:
Contact the CDFI and NACA Program office
cdfihelp@cdfi.treas.gov or 202.653.0421, option #1
You may also contact your assigned Portfolio Manager, designated in your Award Announcement Letter

For questions on reporting requirements or allowable uses of funds:
Contact the Certification, Compliance Monitoring, and Evaluation office
ccme@cdfi.treas.gov or 202.653.0423