



## FY 2024 Capital Magnet Fund Program Application Evaluation Process

### Introduction

This document details the evaluation process for Capital Magnet Fund (CMF) Applications received under the Fiscal Year (FY) 2024 CMF Program funding round. Capitalized terms not defined herein shall have the meaning specified in the FY 2024 Notice of Funds Availability (NOFA).

The evaluation process described below is outlined in the FY 2024 NOFA and is governed by program regulations of the CMF interim rule (12 CFR Part 1807) as amended February 8, 2016. Details regarding the CMF Application content and requirements can be found in the NOFA and related guidance materials, and those resources should be used in conjunction with this document.

The CMF Fund reserves the right to modify these procedures in future funding rounds, consistent with requirements specified in the NOFA and related CMF Application Materials.

The CDFI Fund reserves the right to reject an Application if information (including administrative errors) comes to the attention of the CDFI Fund that adversely affects an Applicant's eligibility for an Award, adversely affects the CDFI Fund's evaluation or scoring of an Application, or indicates fraud or mismanagement on the Applicant's part, including mismanagement of another Federal award.

### Reviewers

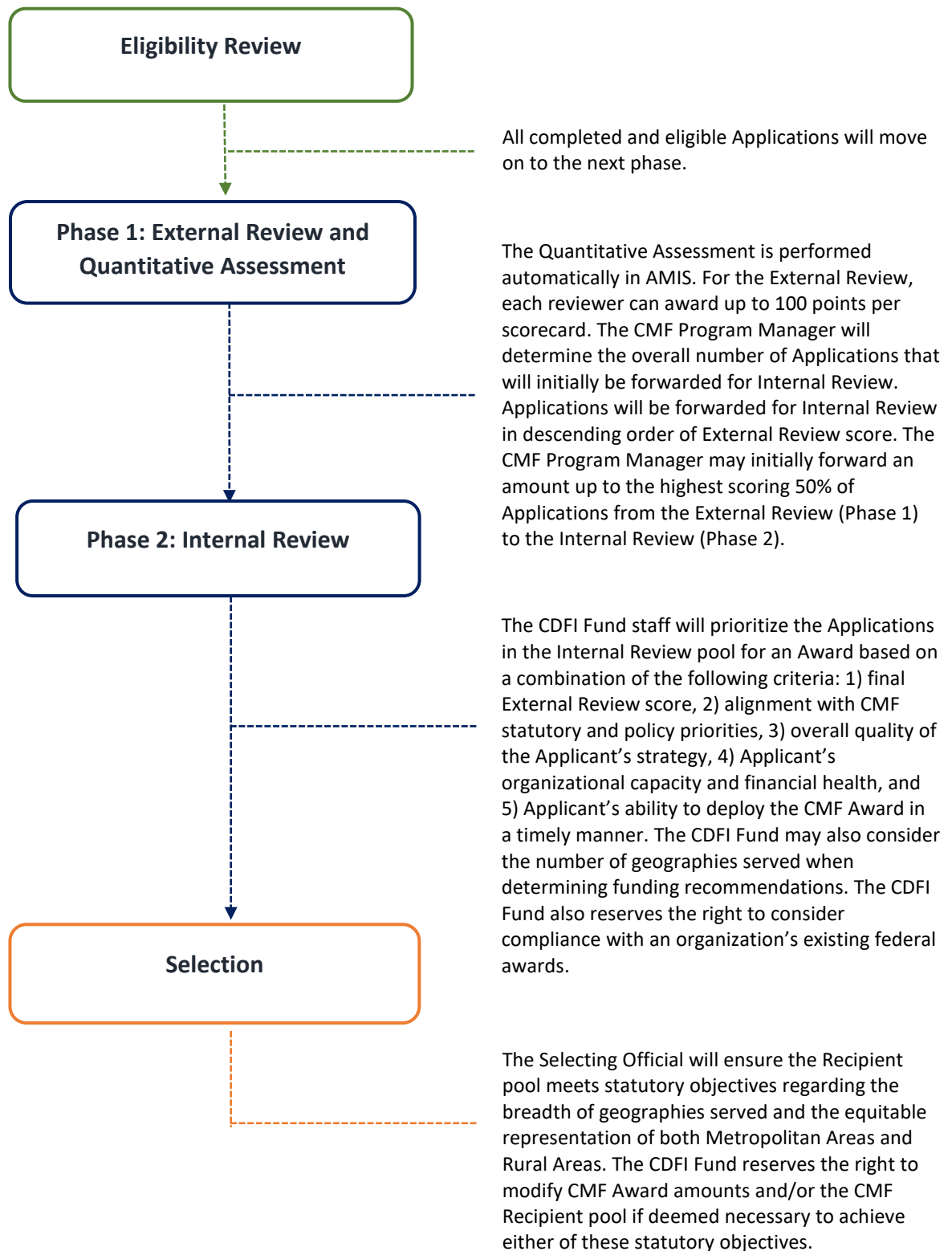
CMF Applications will be evaluated using a multi-phase review process involving external reviewers and CDFI Fund staff. All reviewers must complete the CDFI Fund's conflict of interest screening and must evaluate all CMF Applications in accordance with the CMF Program's policies and procedures.

### The Evaluation Process

The application evaluation and award selection process includes four stages:

- **Eligibility Review** – conducted by CDFI Fund staff.
- **Phase 1: External Review and Quantitative Assessment** – conducted by CDFI Fund staff, external reviewers, and calculations in the Awards Management Information System (AMIS) based on Application data.
- **Phase 2: Internal Review** – conducted by CDFI Fund staff.
- **Selection** – conducted by a Selecting Official from the CDFI Fund.

**Chart 1. How Applicants Move through the Review Stages**



## Eligibility Review

The CDFI Fund evaluates each Application to determine if it meets the eligibility requirements listed in the CMF Program NOFA. Certain eligibility requirements are assessed automatically through the CDFI Fund's Awards Management Information System (AMIS). Applicants are not scored during this review. Applicants are either deemed eligible or ineligible, based on the requirements of the NOFA. All Applicants deemed eligible proceed to the next review phase.

All Applicants must meet the criteria of a Certified CDFI or a Nonprofit Organization as defined in 12 CFR 1807.104. To be eligible as a Certified CDFI, an organization must have been determined by the CDFI Fund to meet the CDFI certification requirements set forth in 12 CFR 1805.201 and verified in the CDFI's AMIS account as of the publication date of the NOFA. To be eligible as a Nonprofit Organization, an organization must be able to demonstrate through articles of incorporation, by-laws, or other board-approved documents, that the development or management of affordable housing are among its principal purposes. All Applicants must have been in existence as a legally formed entity for at least three years prior to the Application Deadline and must have two years of audited financial statements.

All Applicants should pay particular attention to NOFA requirements regarding the use of their correct UEI/EIN number in Grants.gov, their SF-424, and their AMIS profile, as errors here can result in an Applicant being deemed ineligible. Each Applicant<sup>1</sup> must also complete an annual Title VI Compliance Worksheet within AMIS—see the NOFA and Application Instructions for additional information.

Additionally, each Regulated Institution CMF Applicant must have a CAMELS/CAMEL rating (rating for banks and credit unions, respectively) or equivalent type of rating by its regulator (collectively referred to as "CAMELS/CAMEL rating") of at least "3". CMF Applicants with CAMELS/CAMEL ratings of "4" or "5" will not be eligible for Awards. The CDFI Fund will also evaluate material concerns identified by the Appropriate Federal Banking Agency in determining eligibility. Depository Institution Holding Company Applicants that intend to carry out the Award through a Subsidiary Depository Institution should note that the CDFI Fund will consider CAMELS/CAMEL ratings for both the Depository Institution Holding Company Applicant, as well as the Subsidiary Depository Institution that will carry out the award. All Applications deemed complete and eligible will advance to the next review phase.

## Phase 1: External Review and Quantitative Assessment

The CDFI Fund will evaluate each complete and eligible Application using a multi-phase review process. The first part of the review process is the External Review and Quantitative Assessment. All eligible

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<sup>1</sup> For Depository Institution Holding Company Applicants, the Title VI Compliance Worksheet requirement also applies to the Applicant's Subsidiary Depository Institution.

Applications will be grouped into two categories: A) financing Entity Approach and B) affordable housing developer/manager Entity Approach. The Quantitative Assessment evaluates the Application's quantitative factors and is performed automatically in AMIS. In the External Review, Applications will be separately scored by two or more external non-Federal reviewers. The external reviewer's evaluation, in combination with the quantitative assessment factors, will result in the Application being awarded up to 100 points for each review scorecard. These points will be distributed across three (3) sections: (1) Business and Leveraging Strategy (40 points), (2) Community Impact (35 points), and (3) Organizational Capacity (25 points). As each Application is evaluated by two external reviewers, the maximum score each Application can receive is 200 points (100 X 2 Reviewers).

### **Phase 2: Internal Review**

At the conclusion of the External Review phase, the CMF Program Manager will determine the overall number of Applications that will initially be forwarded for an Internal Review. Each group of Applications (financing Entity Approach and affordable housing developer/manager Entity Approach) will be ranked separately based on their External Review score. This method will ensure that the forwarded Applications reflect, within no more than a +/- 5% variance, the proportion of financing Entity Approach Applications to affordable housing developer/manager Entity Approach Applications in the overall Application Pool. Applications will be forwarded for an Internal Review in descending order of External Review score and will constitute the highly qualified pool.

During the Internal Review, the CDFI Fund staff will prioritize the Applications in the highly qualified pool for an Award based on a combination of the following criteria: 1) final External Review score, 2) alignment with CMF statutory and policy priorities, 3) the overall quality of the Applicant's strategy, 4) the Applicant's organizational capacity and financial health, and 5) the Applicant's ability to deploy the CMF Award in a timely manner. The CDFI Fund may also consider the number of geographies served when determining funding recommendations.<sup>2</sup> In the case of an Applicant that has received awards from other federal programs, the CDFI Fund reserves the right to contact officials from the appropriate federal agency or agencies to determine whether the Recipient is in compliance with current or prior award agreements. Once Applications have been internally evaluated and preliminary award determinations have been made, the Applications will be forwarded to the Selecting Official(s) for a final Award determination.

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<sup>2</sup> In the FY 2024 CMF Program round, organizations may choose to apply as members of a Consortium under the Consortium Approach. See Section V.B.3 of the FY 2024 CMF NOFA for additional details on the Consortium Approach and how such Applicants will be scored and evaluated.

## Selection

The Selecting Official will review the list of potential Recipients to determine whether the Recipient pool meets the following statutory objectives: 1) The potential Recipients' proposed Service Areas collectively represent broad geographic coverage throughout the United States, and 2) The potential Recipient's proposed activities equitably represent both Metropolitan Areas and Rural Areas. In the event the preliminary Recipient pool does not reflect the geographic coverage or representation of Metropolitan and Rural Areas present in the overall Applicant pool, the CDFI Fund reserves the right to modify CMF Award amounts and/or the CMF Recipient pool if deemed necessary to achieve either of these statutory objectives.

In cases where the Selecting Official's award determination varies significantly from the initial CMF Award amount recommended by the CDFI Fund staff review, the CMF Award recommendation will be forwarded to a Reviewing Official for a final determination.