



POST AWARD POLICY AND COMPLIANCE MANUAL

Capital Magnet Fund (CMF) Program

Created: 2/3/2025
Updated: 6/17/2026
Version: 2.1

CDFI FUND
U.S. DEPARTMENT OF THE TREASURY



Contents

Introduction	5
I. Policy Requirements	7
1. Acquisition	7
2. Affordability	8
2.1. Affordability: Requirements	8
2.2. Affordability: Affordability Period	9
2.3. Affordability: Recording Instruments	10
3. Amendments.....	12
4. CMF Award.....	13
4.1. CMF Award: Assistance Agreement.....	13
4.2. CMF Awards: Period of Performance	14
4.3. CMF Award: Payment	15
5. Commitment	16
5.1. Commitment Process	16
5.2. Commitment: Commitment Revisions/Change in a Project Commitment	18
5.3. Commitment: Alternative form of Project Commitment if there is no counterparty ..	20
5.4. Commitment: Projects with Multiple Phases	22
6. Completion.....	23
6.1. Completion: Project Completion	23
6.2. Completion: Placed into Service.....	24
6.3. Completion: Initial Occupancy.....	25
7. Consortium.....	26
8. Direct Costs	27
8.1. Direct Costs: Direct Administrative Expenses	27
8.2. Direct Costs: Feasibility Determination Expenses	28
9. Disbursement.....	29
10. Economic Development Activities	30
10.1. Economic Development Activities.....	30
10.2. Economic Development Activities: Minimum Use Term	31
11. Eligible Project Costs	32
11.1. Eligible Project Costs: Definition	32
11.2. Eligible Project Costs: Prorating Eligible Project Costs	32
11.3. Eligible Project Costs: Ineligible Costs	34
12. Eligible Use.....	36
12.1. Eligible Use: Definition	36



- 12.2. Eligible Use: Loan Guarantees 36
- 12.3. Eligible Use: Loan Loss Reserves 37
- 13. Environmental Review 39
 - 13.1. Environmental Review: Environmental Review Certification and Notification 39
 - 13.2. Environmental Review: Categorical Exclusion 40
- 14. Homeownership 43
 - 14.1. Homeownership: Family Qualification 43
 - 14.2. Homeownership: Purchase Price Limits 44
 - 14.3. Homeownership: Recoupment, Replacement, and/or Resale Strategy 44
- 15. Income 46
 - 15.1. Income: Income Determination 46
 - 15.2. Income: Very Low-Income 46
- 16. Leveraged Capital 49
 - 16.1. Leveraged Capital: Overview 49
 - 16.2. Leveraged Capital: Private 50
 - 16.3. Leveraged Capital: Public 51
- 17. Manufactured Housing 52
- 18. Noncompliance 53
- 19. Notification Requirements 54
 - 19.1. Notification Requirements: Material Event 54
- 20. Preservation 56
- 21. Presumptive Compliance 58
- 22. Program Income 61
 - 22.1. Program Income: Earning Program Income 61
 - 22.2. Program Income: Reinvestment Requirements 62**
- 23. Rehabilitation 64
 - 23.1. Rehabilitation: Definition 64
 - 23.2. Rehabilitation: After-Rehabilitation Value 65
- 24. Rental Affordable Housing: Tenant Income Determination 66
- 25. Secondary Market Mortgages 67
 - 25.1. Secondary Market Mortgage: Purchase of Mortgages 67
 - 25.2. Secondary Market Mortgage: Qualified Lender 67
 - 25.3. Secondary Market Mortgage: Sale of Mortgages 68
- 26. Service Areas 69
- 27. Single Purpose Entity 70
- 28. Student Occupants 71



29. Unit	72
29.1. Unit: CMF Unit.....	72
29.2. Unit: Scattered Site Units	72
29.3. Unit: Manager’s Unit.....	73
29.4. Unit: Eligible Rental CMF Unit Occupancy	73
II. Acronym List	75
III. Glossary	76
IV. Public Burden Statements	91

Note: New or updated sections are highlighted in green.

- 1. Program Income: Reinvestment Requirements section:** added detail on Program Income investment in Affordable Housing during the Affordability Period via the Award-Level Report.



Introduction

The purpose of the Capital Magnet Fund (CMF) Post Award Policy and Compliance Manual (Manual) is to provide Award Recipients a resource guide to CMF policies and compliance requirements.

The Manual reflects the overarching statutory directives of the Housing and Economic Recovery Act of 2008 ([Public Law 110-289, section 1131](#)) which established CMF; the regulatory requirements of the revised [CMF Interim Rule](#) (12 CFR Part 1807, effective June 25, 2024); the [former CMF Interim Rule](#) (February 8, 2016); and the requirements imposed by the CMF Assistance Agreement. The Manual details key CMF program policies and requirements that affect how Recipients must administer CMF Program Awards. The CDFI Fund will update the Manual and its other program materials on a periodic basis to inform Recipients about program policies and requirements.

The Manual does not provide detailed instructions on how to complete reporting requirements in the CDFI Fund's Award Management Information System (AMIS). The "AMIS User Guide for CMF Compliance Reporting" details how to report information in AMIS, and is also available under the header "Key CMF Compliance and Reporting Resources" on the [CMF Step 5: Compliance Resources and Reporting](#) page. Additionally, the CMF Program has published Frequently Asked Questions (FAQs) and guidance materials on the CDFI Fund's website to help CMF Applicants and Recipients navigate and understand program requirements. The current version of the CMF Compliance FAQs can be found under the header "General Compliance Resources" on the [CMF Step 5: Compliance Resources and Reporting](#) page.

Implementation of CMF Interim Rule (effective June 25, 2024)

Section § 1807.107(a) of the Interim Rule (effective June 25, 2024) states: "The regulations of this part are applicable for all uncommitted funds from prior CMF Awards issued as of June 25, 2024, as well as all CMF Awards made pursuant to all Notices of Funds Availability published after June 25, 2024."

Uncommitted funds are CMF Awards made subsequent to June 25, 2024. These uncommitted funds are governed by the revised Interim Rule effective June 25, 2024, and their corresponding Assistance Agreements, meaning FY 2024 and subsequent Awards.

CMF Funds awarded before June 25, 2024 (i.e., FY 2016 to FY 2023 Awards) are governed by the former Interim Rule (February 8, 2016), and their corresponding Assistance Agreements.

Source: Interim Rule (effective June 25, 2024) [§ 1807.107 Applicability of regulations for CMF Awards](#).

How to use the CMF Post Award Policy and Compliance Manual

The Manual is a compilation of policy and compliance topic areas. Each topic contains a source statement, description, and related policy details. Key citations from the Interim Rule (effective June 25, 2024) or other key hyperlinks are provided, along with high-level instructions related to maintaining compliance with each policy. Citations will not be made to former CMF Interim Rule (February 8, 2016) unless the specific policy is substantially changed in current Interim Rule (effective June 25, 2024),



resulting in the FY 2016 to FY 2023 Awards having a different policy than FY 2024 and subsequent Awards.

The Manual is intended to identify, and, where necessary, clarify policy and compliance requirements related to the use of the CMF Award that are in the applicable CMF Interim Rule and Assistance Agreement. This Manual serves as the official interpretation of provisions of the CMF Interim Rule and Assistance Agreement in cases where additional guidance is needed to allow the Recipient to implement the requirements under those documents. Note that capitalized terms used in this Manual, but not defined herein, have the respective meanings assigned to them in the applicable CMF Interim Rule, the Application, the Assistance Agreement, or the Uniform Administrative Requirements (UAR).

Each policy and compliance topic area are identified as either: a) an Award-level requirement; or b) a Project-level requirement.

Award-level requirements.

Award-level requirements apply to the Award Recipient's use of the entire Award. Examples of *Award-level requirements* include making a commitment of the Award to one or more Eligible Use(s); meeting the minimum leverage threshold of 10 times the Award amount; and meeting the Investment Period End Date of the Award when all Projects must be completed (i.e., all Projects achieve Project Completion).

Project-level requirements

Project-level requirements apply to individual Projects. Examples of *Project-level requirements* include examples such as Project Commitment(s); tenant income determination; and the requirement that 20% of each Multi-family Project be rent-restricted to any combination of Low-Income, Very Low-Income, or Extremely Low-Income Families.

Note: In some cases, a policy may have both Award-level and Project-level requirements. The different Award-level and Project-level requirements are detailed in these sections accordingly.



I. Policy Requirements

The following policies are established by the CDFI Fund to assist Recipients in the administration of their CMF Award(s). Each policy topic contains a source statement, description, and related policy details. Note: this is not a comprehensive list of CMF policies. This is a tool to help guide Recipients as they administer and comply with the terms of their CMF Award.

1. Acquisition

CMF Award funds may be used for the acquisition of rental Affordable Housing and the Purchase of Housing for Homeownership Affordable Housing.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.104 Definitions](#)

What is meant by “acquisition”:

The acquisition of a property occurs upon title transfer and upon achieving [Project Completion](#) of a CMF-financed Purchase. The acquisition of real property may be financed with CMF for the Development, Preservation, or Rehabilitation of rental Affordable Housing, Homeownership Affordable Housing Purchase, or Economic Development Activities. Using a CMF Award to acquire land is allowed; however, the land must be used for an Affordable Housing or Economic Development Activity that is completed within the Investment Period. Long-term land banking where housing does not achieve Project Completion within the Investment Period is not allowed.

Implementation and Reporting

The acquisition of rental Affordable Housing and the Purchase of Housing for Homeownership Affordable Housing is a [Project-level requirement](#). Acquisition of real property that will be used in a Preservation Project must follow the guidelines under Preservation; see the [Preservation](#) section for further detail.



2. Affordability

CMF was established with the primary purpose of attracting capital to increase investment in affordable housing.

Source: Housing and Economic Recovery Act of 2008 ([Public Law 110-289, section 1131](#))

2.1. Affordability: Requirements

The Interim Rule (effective June 25, 2024) sets forth requirements for Affordable Housing financed with CMF. These requirements include, but are not limited to, income restrictions, lease limitations, minimum periods of affordability, and purchase price limits (per [§ 1807.400-402](#)).

Source: [Interim Rule \(effective June 25, 2024\) § 1807.400 Affordable Housing – General](#)

What is meant by “affordability”:

Every CMF Award must be used for Affordable Housing Activities. These activities include the Development, Preservation, Rehabilitation, and/or Purchase of Affordable Housing – both rental Affordable Housing and Homeownership Affordable Housing. To be considered “affordable,” the Housing must meet the requirements of Subpart D of the Interim Rule (effective June 25, 2024) ([§ 1807.400-403](#)). Affordability under CMF has two components: cost of the housing and income of the people that occupy the housing.

For Affordable Housing Activities financed with a CMF Award, 100% of [Eligible Project Costs](#) must benefit Eligible-Income Families (up to 120% of the Area Median Income (AMI)), and at least 50% of that must benefit Families with Low Incomes and below (80% AMI and below).

For rental Affordable Housing, Recipients must follow the rent limitations as set forth in Article V of the applicable Assistance Agreement. At the time of initial lease and occupancy, tenants must be determined to be Eligible-Income. Tenant income must be re-examined annually, with some exceptions for Projects where 100% of the units are CMF-restricted or in the case where [Presumptive Compliance](#) is applicable. For rental Affordable Housing Projects, at least 20% of all units for each Project must be limited to Families with Low Incomes (80% AMI and below).

For Homeownership Affordable Housing, the purchase price is subject to the limits for the area identified under the applicable version of the CMF Interim Rule, depending on the year of Award. For FY 2024 and subsequent Awards, the purchase price may not exceed the limits under the U.S. Department of Housing and Urban Development (HUD) Federal Housing Administration (FHA) Section 203(b) Mortgage Insurance Program. For FY 2016 to FY 2023 Awards, the purchase price may not exceed the limits under the HUD HOME program, per the former Interim Rule (February 8, 2016) [§ 1807.402\(a\)\(2\)](#). For all Award years, Homebuyers must have a household income no greater than 120% AMI. See [Homeownership: Purchase Price Limits](#) for additional guidance.

Implementation and Reporting

The requirement that the CMF Award must be used for Affordable Housing Activities is an [Award-level requirement](#). The affordability requirements are a [Project-level requirement](#).



For rental Affordable Housing, units may continue to be deemed affordable, and tenants may remain in place even if the household income rises above the designated income levels, not to exceed 120% AMI. The maximum rent for tenants whose income no longer qualifies for their unit's designated income level is the lesser of 30% of the Family income or the level restricted by State or local law, but never more than market rent for a comparable or smaller size unit. In this situation, the next-available unit must be rented to a Family with qualifying income.

Units at designated income levels may be rented to a Family with an income lower than that set for the designated unit when no units are available at that Family's income level. For example, a unit designated as affordable for a Family with 80% AMI may be leased to any Family with an income at or below 80% AMI. The rent, however, would remain at the 80% affordability level and not be adjusted downward if the Family income is below 80% AMI.

For Homeownership Affordable Housing, the Housing must be Single-family housing (see [Homeownership](#)). The resale of a home purchased with CMF assistance is permitted subject to certain restrictions during the Affordability Period (see [Homeownership: Resale](#)).

Affordability restrictions for rental Affordable Housing must be recorded (see [Affordability: Deed Restrictions](#)).

2.2. Affordability: Affordability Period

Affordability Period means a period of at least 10 years (or other longer time period in the applicable Notice of Funding Availability issued by the CDFI Fund) during which time the Recipient must ensure the affordability requirements set forth in the applicable Interim Rule and Assistance Agreement are met for each Project.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.104 Definitions](#)

What is meant by "Affordability Period":

The Affordability Period is required for all CMF-financed Housing Projects. This includes both rental Affordable Housing and Homeownership Affordable Housing. The length of the required Affordability Period is 10 years, unless otherwise stated by the CDFI Fund in writing.

The Affordability Period for rental Affordable Housing begins with the achievement of [Initial Occupancy](#). A rental Project is considered to have met Initial Occupancy when at least 90% of the units are occupied, which must occur no later than 12 months after the [Project Completion](#) date.

The Affordability Period for Homeownership Affordable Housing begins upon the transfer of an equitable title. In the case of the rehabilitation of owner-occupied Housing, the Affordability Period begins with the completion of the rehabilitation.

Implementation and Reporting

The Affordability Period requirement is a [Project-level requirement](#).



Dates related to the start of the Affordability Period must be entered in AMIS.

The Affordability Period requirements apply without regard to the term of any loan or mortgage, or the transfer of ownership. All units in the same Project must adhere to the same Affordability Period.

For rental Affordable Housing, the affordability requirements must be imposed by deed restrictions, covenants running with the land, or other recording instruments (see [Affordability: Recording Instruments](#) below).

For Homeownership Affordable Housing, recorded restrictions are allowed, but not required; however, the Housing is subject to the Recipient's required resale, recoupage, and/or replacement strategy (see [Homeownership: Resale](#)). The Housing must be the principal residence of the Homebuyer at the time of Purchase. In the case of two- to four-unit Single-family Housing, the Affordability Period and other Affordability requirements apply only to the principal residence.

2.3. Affordability: Recording Instruments

Deed restrictions, land use restriction agreements, covenants running with the land, and other recording instruments, which impose rent limitations to ensure affordability, must be imposed on CMF-financed rental Affordable Housing properties.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.401\(d\) Affordable Housing-Rental Housing](#)

What is meant by "Recording Instruments":

Types of qualified recording instruments include deed restrictions, land use restriction agreements, and covenants running with the land. Other recording instruments may be used with permission of the CDFI Fund. A recording instrument is a legal document attached to the title of the property in public records and is used to create a legally enforceable mechanism to impose affordability requirements on a property. In the case of rental CMF Units, qualified recording instruments are intended to maintain the affordability of a property for at least 10 years. Qualified recording instruments for CMF must be structured such that they would survive a sale of the property or repayment of any mortgage on a property.

Qualified recording instruments must be imposed on Multi-family rental Affordable Housing financed with CMF Awards. Qualified recording instruments may be imposed on Single-family Homeownership Affordable Housing properties, but they are not required in the case of Homeownership Affordable Housing.

As it relates to allowable recording instruments, the CDFI Fund has made the following [Presumptive Compliance](#) Determination: A land use restrictive agreement, restrictive covenant, or similar deed restriction in place under the Low-Income Housing Tax Credit (LIHTC) program is Presumptively Compliant in meeting the recording instrument requirements under [§ 1807.401\(d\)](#) of the Interim Rule (effective June 25, 2024), if the Presumptively Compliant restriction meets or exceeds the CMF period of affordability established in the Assistance Agreement and meets the CMF-required percentage of rent-restricted units under [§ 1807.401](#).



The recording instruments regarding affordability are allowed to terminate upon foreclosure, transfer in lieu of foreclosure, short sale, or other types of disposition. Proceeds from the sale of property under these circumstances, which may be available to pay off a mortgage financed with a CMF Award, must be treated as [Program Income](#).

Implementation and Reporting

The recording instrument requirement is a [Project-level requirement](#).

Recipients must ensure that qualified recording instruments are imposed on Multi-family rental Affordable Housing properties. Recipients are not required to submit documentation as part of their reporting in AMIS; however, a copy of the recording instrument for each Multi-family rental Project must be maintained in the Recipient's files and made available for inspection upon the CDFI Fund's request.



3. Amendments

The CDFI Fund has published guidance related to Assistance Agreement amendment requests and the process of amending Assistance Agreements after execution of the Agreement. Certain requirements of the Assistance Agreement will not be considered for amendment. A full list of eligible and ineligible Amendment requests is available in the CMF Program Amendments Guide and Intake Steps under the General Compliance Resources section on CMF’s [Step 5: Compliance Resources and Reporting webpage](#). Amendment requests are evaluated on a case-by-case basis and approval of an amendment request is at the CDFI Fund’s discretion.



4. CMF Award

CMF Award means the financial assistance in the form of a grant made by the CDFI Fund to a Recipient.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.104 Definitions](#)

4.1. CMF Award: Assistance Agreement

Each Recipient will enter into an Assistance Agreement with the CDFI Fund that will require it to leverage the CMF Award and abide by other terms and conditions pertinent to assistance received under [12 CFR § 1807.100](#).

Source: [Interim Rule \(effective June 25, 2024\) § 1807.101\(b\) Summary](#)

What is meant by a “CMF Award”:

The Assistance Agreement is a legal contract between the CDFI Fund and the Recipient. The Assistance Agreement contains General Award Terms and Conditions (Schedule 2) as well as unique, Recipient-specific Performance Goals and reporting schedules (Schedule 1).

The Assistance Agreement specifies the restrictions on the use of the CMF Award under Section 3.5, which includes certain activities, such as nursing homes or emergency shelters (see [Eligible Project Costs: Ineligible Costs](#) section herein). Section 3.5 also explicitly prohibits subrecipient relationships, where entities other than the Recipient administer the Award. In certain cases, however, a Recipient may be interested in establishing another entity to participate in the Award administration. To avoid a subrecipient relationship, Recipients may seek approval to establish a Single Purpose Entity (see [Single Purpose Entity](#) section).

Implementation and Reporting

The following describes [Award-level requirements](#) for reporting under the Assistance Agreement.

Throughout the [Period of Performance](#) of the Recipient’s Award, the Recipient must provide to the CDFI Fund an Annual Report with three components: Financial Condition Report, Performance Report, and SF-425 Report, as set forth in Schedule 1 of the Assistance Agreement.

The Financial Condition Report requirement varies according to the organization type:

- For a nonprofit, for-profits, and Depository Institutions, (1) a Financial Statement Audit (FSA) report and (2) a statement of financial condition audited or reviewed by an independent certified public accountant (if applicable, see Schedule 1 of Assistance Agreement) must be submitted in AMIS.
- For nonprofit Recipients, an annual Single Audit pursuant to section 200.500 of the Uniform Administrative Requirements is required if it expends \$1,000,000 or more in Federal awards in its fiscal year, or such other dollar threshold established by OMB pursuant to section 200.501 of the Uniform Administrative Requirements. If a Single Audit is required, it must be submitted electronically to the Federal Audit Clearinghouse.



The Recipient must submit a CMF Performance Report annually via AMIS, which is a progress report on the Recipient's use of the CMF Award towards meeting its Performance Goals, affordable housing outcomes, and the Recipient's overall performance. Each Recipient's Assistance Agreement sets forth the due dates for each report.

The Recipient must submit the SF-425 Federal Financial Report via AMIS annually during the Investment Period to disclose how much of its CMF Award funds were expended during the federal government's fiscal year of October 1 through September 30.

Outside of these Annual Reports, two additional reports may be required, when applicable: Environmental Review Notification Report and Material Event Forms.

For [Environmental Review](#) guidance, see the linked section.

For Material Events, see section on [Notification Requirements](#).

4.2. CMF Awards: Period of Performance

What is meant by a "Period of Performance":

The [Assistance Agreement](#) covers the CMF Award's entire Period of Performance, which begins with the Announcement Date and continues until the end of the Affordability Period of the last Project funded by the Recipient.

- The Announcement Date is the date the CDFI Fund announces the Recipients of CMF Awards under each Notice of Funding Availability (NOFA). The Announcement Date is listed on the signature page of the Assistance Agreement.
- The [Affordability Period](#) applies both to the Award as a whole and to each Affordable Housing Project.
 - The Affordability Period for each Project begins on the date the Project achieves [Initial Occupancy](#) and continues for at least ten (10) consecutive years, during which period the Recipient must ensure the affordability requirements are met.
 - The Affordability Period for the Award begins at the end of the five-year Investment Period and ends when the Affordability Period of the final Project ends.
- The Investment Period begins with the Effective Date of the Assistance Agreement. The Investment Period End Date, the date by which the Recipient must achieve [Project Completion](#) with respect to all Projects, regardless of the timing of any [Payments](#) received, is five (5) years after the Effective Date of the applicable Assistance Agreement. Prior to the revised Interim Rule (effective June 25, 2024), the Investment Period End Date was called the Project Completion date.

Implementation and Reporting

The following describes [Award-level requirements](#) and [Project-level requirements](#) for reporting related to the Period of Performance.



Throughout the [Period of Performance](#) of the Recipient’s Award, the Recipient must provide to the CDFI Fund an Annual Report with three components: Financial Condition Report, Performance Report, and SF-425 Report, as set forth in Schedule 1 of the Assistance Agreement (see [Assistance Agreement](#) section for further detail).

The Recipient must submit a CMF Performance Report annually via AMIS, which is a progress report on the Recipient’s use of the CMF Award towards meeting its Performance Goals. The CMF performance report covers the Investment Period for the CMF Award and the Affordability Period for each Project. The Performance Goals are measured at the Investment Period End Date. Recipients must continue to report until the Affordability Period of the final Project ends.

4.3. CMF Award: Payment

Payment means the transmission of CMF Award dollars from the CDFI Fund to the Recipient per 12 CFR [§ 1807.104](#).

Source: [Interim Rule \(effective June 25, 2024\) § 1807.104 Definitions](#)

What is meant by “CMF Award Payment”:

Beginning with the FY 2021 round, CMF Award Recipients have two Payment options: (a) one Lump Sum Payment or (b) an Initial Payment to the Recipient, followed by a Subsequent Payment. Prior to the FY 2021 round, all CMF Award Recipients received the Award as a Lump Sum Payment comprised of the entire CMF Award. The number of payments, and the dollar amount of each payment, are specified in the Assistance Agreement.

There are differing Commitment timelines for each of the Payment options. See [Commitment](#) section for further details.

Implementation and Reporting

The Award Payment process is an [Award-level requirement](#). Lump Sum and Initial Payments will be processed and released to the Recipient upon full execution of the Assistance Agreement.

For Recipients who receive the CMF Award in two Payments, the Recipient must submit a Subsequent Payment Request for the balance of the CMF Award via the Recipient’s AMIS Account. For non-regulated Recipients, this request must include a Certificate of Good Standing from the Secretary of State, or other issuing State agency, in the Recipient’s state of formation dated within 180 days prior to the date the Subsequent Payment Request is made; or an opinion of Recipient counsel as described in Schedule 2 of the Assistance Agreement. All Subsequent Payment Requests must be received by the CDFI Fund no later than the “Date to request Subsequent Payment” specified in a Recipient’s Assistance Agreement. Step by step instructions on how to submit a Subsequent Payment Request can be found at the [Step 4: Closing and Disbursement](#) page of the CMF site. Please review the instructions carefully before submitting a Subsequent Payment Request.



5. Commitment

CMF Awards must be fully committed to an Eligible Use (Committed for Use) within two years¹ of the Effective Date in the Assistance Agreement and fully committed to identified Projects (Project Commitment) within three years of the Effective Date.

5.1. Commitment Process

For FY 2024 and subsequent Awards, the CMF Award must be Committed for Use within two years of the Effective Date of the CMF Award and Recipients must achieve Project Commitment of the entire Award within three years of the Effective Date of the CMF Award.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.501 Commitments](#)

What is meant by the “commitment process”:

Beginning with the FY 2024 Awards, all CMF Awards are subject to a two-step commitment process. This policy was established as part of the Interim Rule (effective June 25, 2024). Prior CMF Awards from years 2016 to 2023 are not subject to the two-step commitment process and must follow the terms of their existing Assistance Agreements, rather than the two-step process outlined below.

Step 1: Committed for Use: The first step of the commitment process requires Recipients to commit all Award funds for one or more of their approved Eligible Uses within two (2) years of the Effective Date of the Assistance Agreement for that applicable funding round. This is a statutory requirement. All Award funds for Projects must be Committed for Use to at least one of six Eligible Uses set forth in [§ 1807.301](#) of the revised Interim Rule (effective June 25, 2024). These include: (a) capitalization of a Loan Loss Reserve; (b) capitalization of a Revolving Loan Fund; (c) capitalization of an Affordable Housing Fund; (d) capitalization of an Economic Development Activity Fund; (e) funding Risk-Sharing Loans; or (f) funding Loan Guarantees. (Award funds used for [Direct Administrative Expenses](#) or [Feasibility Determination Expenses](#) are not subject to the Committed for Use requirements.)

Step 2: Project Commitment: Per [§ 1807.501](#) of the revised Interim Rule (effective June 25, 2024), the second step in the two-step commitment process is a written, legally binding commitment to a third-party to invest Award funds in identified Projects. All Project Commitments must be completed within three (3) years of the Effective Date of the Assistance Agreement for that applicable funding round. For purposes of a Project Commitment, the commitment of CMF Award funds to a Homeownership Program, Loan Loss Reserve, or Loan Guarantee is considered a Project Commitment.

¹ The CMF Assistance Agreement provides additional information on Commitment deadlines for each specific Award year, which supersedes this Manual. For example, FY 2024 CMF Recipients that received their Award via an Initial Payment and then Subsequent Payment should refer to their Assistance Agreements for requirements on Commitment for Use.



The CMF Assistance Agreement for each Award round describes alternative forms of commitments for those not made to a third-party.

Implementation and Reporting

The Committed for Use requirement under step 1 is an [Award-level requirement](#). The Project Commitment requirement listed under step 2 is a [Project-level requirement](#).

Step 1—Committed for Use— The Commitment for Use date under the revised Interim Rule (effective June 25, 2024) is applicable to all FY 2024 and subsequent Awards. The date, amount, and Eligible Use that the Award is Committed for Use must be entered in the Award-level Report Record in AMIS. The Award must be Committed for Use within two years of the Effective Date of the applicable Assistance Agreement. A written authorizing document, such as a resolution of the board of directors, or other authorized official documentation, is required to document the Committed for Use requirement.

Awards made prior to June 25, 2024 (i.e., FY 2016 to 2023) are subject to the commitment requirements under the former Interim Rule (February 8, 2016), which requires the Recipient to commit the CMF Award to Projects, as further described in Step 2 below.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.501 Commitments](#) and [former Interim Rule \(February 8, 2016\) § 1807.501 Commitments](#)

Step 2—Project Commitment— The Project Commitment dates under the revised Interim Rule (effective June 25, 2024) are applicable to all FY 2024 and subsequent Awards. FY 2016 to FY 2023 Awards are subject to the commitment requirements under the former Interim Rule (February 8, 2016), which requires the Recipient to commit the CMF Award to Projects. For FY 2016 and subsequent Awards, the date and amount of the Project Commitments must be entered in the AMIS Project Record for each Project. All Project Commitments must be completed within three (3) years of the Effective Date of the Assistance Agreement. All Award funds that are to be used to support and/or finance Projects, must have their Project Commitments completed by this date. When a Project Commitment is made, the document(s) evidencing the Project Commitment should include language that allocates the amount of Award to Eligible Project Costs.

The Recipient must evidence a Project Commitment with a written, legally binding agreement to invest in a Project by providing the CMF Award to a qualifying Family, developer, Homeownership Program, or Project sponsor in which:

- a) Construction on real estate can reasonably be expected to start within 12 months of the Project Commitment date; or
- b) Property title on real estate will be transferred within six months of the Project Commitment date; or
- c) Construction schedule on real estate ensures Project Completion within five years from the Effective Date in the Assistance Agreement; or



- d) The Recipient has entered into a Secondary Market Mortgage Purchase agreement with a third-party lender to Purchase the qualified mortgages, and the subject mortgages would not otherwise have been originated by the third-party lender absent that agreement; or
- e) A Commitment for a qualified Homeownership Program has been made by the action of the Recipient's board of directors; or
- f) The Recipient has entered into a Loan Guarantee agreement or has established a cash reserve, escrow, or accounting-based accrual reserve with a lender or investor for a Loan Loss Reserve.

Form of a Project Commitment:

- **Written Commitment to a Counterparty:** Recipients must be able to demonstrate that the CMF Award has a Project Commitment to each Project through a written, legally binding agreement to provide CMF financial assistance to a third party. Each Project Commitment shall specify the amount of CMF Award allocated to a specific Project and be dated no later than the applicable Project Commitment Date. The third party in a written Commitment must be a developer, Project sponsor, qualifying Family, and/or borrower for the Project. An Affiliate of the Recipient is considered a third party if it is a separate legal entity from the Recipient. Commitment to a Homeownership Program is considered a Project Commitment.
- **Alternative Form of Commitment if No Counterparty:** See [Commitment: Alternative form of Project Commitment if there is no counterparty](#) section.
- **Recommended Language:** Per Schedule 2 of the Assistance Agreement, as the Recipient completes written Project Commitments, the CDFI Fund recommends that the Project Commitment document includes language allocating CDFI Fund Award dollars to Eligible Project Costs.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.104 Definitions](#), [Interim Rule \(effective June 25, 2024\) § 1807.501 Commitments](#), and [former Interim Rule \(February 8, 2016\) § 1807.501 Commitments](#)

5.2. Commitment: Commitment Revisions/Change in a Project Commitment

Once a Project Commitment is made using a portion or the entire amount of the CMF Award, the Commitment may be changed, terminated, cancelled, withdrawn, or substituted only under certain circumstances.

What is meant by "commitment revisions":

The CDFI Fund recognizes that real estate development and finance projects do not always proceed according to plan. To address these situations, the CDFI Fund has set forth the following policies to clarify the Award compliance implications for Recipients if they need to revise their Project Commitments.

Once Award funds are Committed for Use, Recipients may opt-in for any additional Eligible Use(s), provided the Eligible Use is approved in Schedule 1 of the applicable Assistance Agreement. If the



desired Eligible Use is not approved in the Assistance Agreement, the Recipient should follow the CMF Program Amendments Guide and Intake Steps which is available on the CDFI Fund website on the [CMF Step 5: Compliance Resources and Reporting](#) page (see also [Amendments](#) section of this Manual).

If a Project Commitment is made, and no Award funds have been disbursed: the Project Commitment may be changed, terminated, cancelled, withdrawn, or substituted under the following circumstances:

- (a) The change in Project Commitment is made **prior** to the Project Commitment deadline. A Project Commitment can be withdrawn or terminated and recommitted to another Project if done so before the Project Commitment Date specified in Schedule 1 of the applicable Assistance Agreement and if no CMF Award dollars have been disbursed to the Project.
- (b) The change in the Project Commitment is made **after** the Project Commitment deadline. Once the Project Commitment deadline has passed, a Project Commitment can be withdrawn or terminated if the Project is no longer feasible, and no Award funds have been disbursed to the Project. “No longer feasible” means the Project Commitment needs to be changed due to any of the following circumstances:
 1. There are Project delays, funding gaps, or other issues preventing Project Completion by the Project Completion date; or
 2. The Project sponsor, borrower, or other parties have demonstrated an unwillingness to cooperate with Recipient’s CMF requirements; or
 3. The Recipient identifies another Project that will be a better fit for the CMF investment; or
 4. Other reasons deemed reasonable by the CDFI Fund and approved in writing on a case-by-case basis.

In the case of either (a) or (b), the Recipient must identify a substitute Project and make a Project Commitment to the substitute Project before the end of the Investment Period and complete the replacement Project per the terms of the Assistance Agreement.

If a Project Commitment is made, and the Project Commitment is terminated **after** Award funds have been disbursed but the Project is not Completed: a determination of noncompliance will be issued. As part of the determination of noncompliance, a cure will be offered that may include the recapture of the CMF subsidy, a requirement to make an investment into a replacement Project, or the option for the Recipient to make its own dollars available for investment in a replacement Project(s).

Implementation and Reporting

Revisions or changes to a Project Commitment is a **Project-level requirement**.

All Project Commitments must be made within three years of the Effective Date of the Assistance Agreement. All Award funds that are to be used to support and/or finance Projects, must have their Project Commitments completed by this date. Direct Administrative Expenses or Feasibility Determination Expenses are not Projects and not subject to the Project Commitment requirements.

If a Project Commitment is changed **before** the Project Commitment deadline and no Award funds have been disbursed, the change in Project Commitment does not require notification to the CDFI Fund. The



initial Project may be terminated in AMIS, and a new Project record should be created for the new Project Commitment.

If a Project Commitment is terminated **after** the Project Commitment deadline but no Award funds have been disbursed, a change is allowed. However, a Material Event form must be filed in AMIS to notify the CDFI Fund of the terminated Project Commitment.

If a Project Commitment is terminated and Award funds have been disbursed, a Material Event form must be filed in AMIS to notify the CDFI Fund of the terminated Project Commitment. This type of terminated Project Commitment will result in a determination of noncompliance. The CDFI Fund will provide the Recipient with reasonable notice and an opportunity to cure the event of noncompliance in accordance with the applicable Assistance Agreement. In the event a Recipient terminates a CMF Project Commitment after disbursement of the CMF Award to the Project but prior to Project Completion and seeks to report that Project under a different CMF Award, this is an event of noncompliance, and the Recipient must notify the CDFI Fund via a Material Event Form within 30 days of terminating the Project Commitment. The CDFI Fund will examine the cause and/or reason for the Project Commitment termination. Based on the CDFI Fund’s review, the Recipient may be given an opportunity to cure the noncompliance by (1) providing evidence that the terminated Project has been successfully created in another CMF Award, AND (2) providing evidence of a new Project Commitment letter referencing the updated CMF Award.

Information on how to submit a Material Event form to the CDFI Fund is available under the header “Material Events” on the [CMF Step 5: Compliance Resources and Reporting](#) page.

5.3. Commitment: Alternative form of Project Commitment if there is no counterparty

A Project Commitment requires a written, legally binding commitment to a third-party to invest Award funds in identified Projects. For very limited circumstances, Section 4.2 of the Assistance Agreement provides an alternate method for demonstrating the Project Commitment if there is no third-party involved in the transaction.

Source: Article IV of the Assistance Agreement and [Interim Rule \(effective June 25, 2024\) § 1807.501\(c\)\(5\) Commitments](#)

What is meant by “alternative form of Project Commitment”:

The CDFI Fund recognizes that there are circumstances when there is no counterparty in a transaction. Examples include a Project where the Recipient is also the developer of a CMF Project; or the Recipient is financing and/or supporting a Purchase of Housing and the Housing is not owned, sponsored, or being developed by a limited partnership, limited liability company, or other separate legal entity.

Implementation and Reporting

The Project Commitment requirement is a [Project-level requirement](#). The Recipient may evidence a Project Commitment via a resolution of its board of directors for an identified Project or Affordable



Homeownership Program. Such resolution should be in the form and meet the minimum requirements as described below.

The board of directors of the Recipient shall adopt a resolution which shall include the following:

- (1) The resolution shall cite the regulatory requirement related to Project Commitment and state it is being adopted to satisfy the evidence of Commitment pursuant to 12 CFR § [1807.501\(c\)](#) of the CMF Regulations.
- (2) The resolution shall be binding and approved on or before the Project Commitment Date listed in Section 3.2(h) in Schedule 1 of the Assistance Agreement.
- (3) The resolution shall state that a legally binding Project Commitment to a third-party is not possible.
- (4) The resolution shall include the Project and/or eligible activity, amount of the CMF Award being used for the Project Commitment, the identified Project, and the targeted income levels of the Families in the applicable percentages.
- (5) The resolution shall hold the Recipient responsible for ensuring full compliance with the Assistance Agreement and the applicable CMF Interim Rule.

Note, for the purpose of evidencing a Project Commitment for Homeownership Affordable Housing Purchase, the Recipient's entire portfolio of Homeownership Affordable Housing financed and/or supported with the CMF Award is considered a Homeownership Program. However, each CMF Unit in a Homeownership Program is reported as a separate Project in AMIS.

The Recipient may use the alternative form of Project Commitment process to buy Homeownership Affordable Housing and hold the homes in inventory during Rehabilitation, for sale to qualified Homebuyers if the following conditions are met:

- (1) the Housing is being Purchased directly by the Recipient with the CMF Award;
- (2) the Housing is held in inventory during Rehabilitation;
- (3) the Housing will be later sold to qualified Homebuyers; and
- (4) no third party exists at the time of Commitment for the purpose of Committing the CMF Award to a Project.



5.4. Commitment: Projects with Multiple Phases

Projects may be developed in separate identified phases and funded with multiple CMF Awards.

What is meant by “Project phasing”:

Larger Projects may be developed in multiple phases for a variety of reasons including, but not limited to, the scale, time needed to complete a Project, different ownership and financing structures, and/or other factors. Phased Projects are generally developed on a single site with more than one building and the development proceeds in different phases over time. The Project is usually developed by a single developer or sponsor and the phases may be owned by one entity or different entities. For a Project with multiple phases, each phase must be identifiable by address and is treated as a separate Project for CMF purposes.

Implementation and Reporting

Guidelines related to Projects with multiple phases are a [Project-level requirement](#). When a Project is phased, each phase is subject to a separate Project Commitment and must be Complete within the Investment Period of the relevant Award. The Project Commitment should clearly detail what phase the CMF Award is being used to support. Recipients may opt to use the same or different CMF Awards in each phase of a Project.

Each phase will be treated separately for purpose of Project [Completion](#), [Placed into Service](#) and [Initial Occupancy](#) definitions apply as they would for any Project. For purposes of reporting in AMIS, each phase must be clearly identifiable and is treated as a separate Project, including EPCs and unit counts.



6. Completion

6.1. Completion: Project Completion

Project Completion means that all of the requirements set forth at 12 CFR [§ 1807.503](#) for a Project have been met.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.503 Project Completion](#)

What is meant by “Project Completion”:

(a) Project Completion for Affordable Housing Activities and Economic Development Activities occurs, as determined by the CDFI Fund, when:

- (1) All necessary title transfer requirements and construction work have been performed;
- (2) The property standards of paragraph (b) of [§ 1807.503](#) have been met;
- (3) The final drawdown of the CMF Award has been made to the Project sponsor or developer;
- (4) For Preservation, when the refinancing of the loan is closed and the underlying real estate is in compliance with all CMF requirements and, if applicable, Rehabilitation is completed and the requirements set forth in this paragraph (a) are achieved;
- (5) For qualified Secondary Market Mortgage Purchase, when the loan purchase transaction is complete, all CMF Secondary Market Mortgage requirements are met, and the CMF Award is disbursed to the lender (i.e., seller of the loan);
- (6) For Loan Loss Reserves, when the Loan Loss Reserve is established and the CMF Award is disbursed to an escrow, distributed to a cash reserve, or obligated to an accounting-based accrual reserve to secure loans for completed Affordable Housing Activities or Economic Development Activities that meet the requirements of 12 CFR [§ 1807.400](#), et seq.;
- (7) For Loan Guarantees, the Loan Guarantee is executed guaranteeing loans for Affordable Housing Activities or Economic Development Activities that meet the requirements of 12 CFR [§ 1807.400](#), et seq., which requires the supported Project to achieve Project Completion; and, as applicable,
- (8) For Economic Development Activities, when the physical structure is occupied by an eligible business or Community Service Facility as of the Economic Development Activity Occupancy Date.

(b) By the Investment Period End Date, all Projects must meet the requirements of this section, including the property standards set forth in 12 CFR [§ 1807.503\(b\)](#).

Implementation and Reporting

The Project Completion requirement is a **Project-level requirement**. Recipients must achieve Project Completion for all Projects financed/supported by its entire CMF Award, regardless of the timing of any



Payments received. Recipients must fully disburse the entire CMF Award to Affordable Housing, Community Service Facilities, EDA physical structures, Feasibility Determination Expenses, and/or Direct Administrative Expenses, by the Investment Period End Date (formerly known as the Project Completion deadline), which is five (5) years after the Effective Date of the Assistance Agreement.

For any Project financed and/or supported with Program Income, the Recipient has either: (a) up to thirty-six (36) months from the time of Project Commitment; or (b) the Investment Period End Date in Schedule 1 of the Assistance Agreement, whichever is later, to obtain Project Completion.

In any case, any Project that achieves Project Completion after the Investment Period End Date will not be counted towards meeting the Performance Goals.

Once the Recipient achieves Project Completion for any given Project, the Recipient will designate the number of CMF Units attributable to the Eligible Project Costs of that Project, as well as the income restrictions for these units. The Recipient is responsible for tracking the number of units within the Project for the duration of the Affordability Period through the CMF Performance Report.

6.2. Completion: Placed into Service

Placed into Service is defined in Schedule 2 of the Assistance agreement.

Source: Section 2.42 of the Assistance Agreement

What is meant by “Placed into Service”:

Generally, Placed into Service means that the Project is complete and ready for occupancy. A certificate of occupancy (or similar permit to occupy a structure) has been issued. In many cases, Project Completion and Placed into Service occur at the same time.

For rental Affordable Housing, after Project Completion, each rental Project must be Placed into Service no later than six (6) months from Project Completion, unless otherwise determined in writing by the CDFI Fund.

For Rehabilitation of owner-occupied Homeownership CMF Units, Placed into Service is concurrent with Project Completion pursuant to 12 CFR [§ 1807.503](#).

For Economic Development Activities, Placed into Service occurs when: (a) all requirements of 12 CFR [§ 1807.503](#) are met and (b) when the initial tenant has signed a lease and has the right to move in.

Implementation and Reporting

The Placed into Service requirement is a [Project-level requirement](#). The Placed into Service date must be provided for each Project via the CMF Performance Report in AMIS.

A Project cannot be Placed into Service before Project Completion or after Initial Occupancy.



If a Project is not Placed into Service within six (6) months of Project Completion or Initially Occupied within 12 months, this is an event of noncompliance and a [Material Event](#). The Recipient must submit a Material Events Form to report the noncompliance within 30 days of the missed deadline.

6.3. Completion: Initial Occupancy

Upon Project Completion and the Project being Placed into Service, the Recipient will achieve Initial Occupancy for each Project.

Source: Section 2.28 of the Assistance Agreement

What is meant by “Initial Occupancy”:

The Initial Occupancy date is defined in Schedule 2 of the Assistance Agreement and differs for rental and Homeownership Projects:

Rental:

- For rental Affordable Housing, the Initial Occupancy date occurs after the Project is Placed into Service and when at least ninety percent (90%) of all CMF Units are occupied, which must occur no later than 12 months after the Project Completion date.

Homeownership:

- For Homeownership Affordable Housing, the Initial Occupancy date occurs upon the transfer of equitable title to the Homebuyer. This is also the Purchase date.
- For owner-occupied Rehabilitation of Homeownership Affordable Housing only, the Initial Occupancy date is equivalent to the date of the Project’s Completion, pursuant to 12 CFR [§ 1807.503](#).

The ten-year [Affordability Period](#) for each Project starts on the Initial Occupancy date.

Implementation and Reporting

The Initial Occupancy requirement is a [Project-level requirement](#). A Project cannot have Initial Occupancy before Project Completion or before being Placed into Service.

For all award years, each rental or Homeownership Project is individually subject to a minimum of a 10-year Affordability Period that starts on the Initial Occupancy Date. The Affordability Period for each Housing Project begins on the Initial Occupancy date, regardless of the Project stage in which CMF financing was provided or if the CMF financing was paid off before Initial Occupancy.

For FY 2024 and subsequent Recipients, the Community Service Facilities or physical structures resulting from Economic Development Activities must continue to be used for allowable Economic Development Activities for a minimum of three years from the Economic Development Activity Occupancy Date.



7. Consortium

What is meant by “Consortium”:

Introduced in the FY 2023 Award round, a Consortium comprises of a group of at least two, and no more than five, eligible and unaffiliated CDFIs or nonprofit affordable housing developers/managers, that apply for a CMF Award using the Consortium Approach.

Each Consortium Recipient receives a separate Award and is required to meet the terms of its individual Assistance Agreement. All Consortium members must invest their individual Awards in the same CMF Projects as their peer Consortium members. The amount of the CMF Award invested in each Project by each Consortium member may vary; it does not need to be an equal amount.

Source: Section 3.10 of the Assistance Agreement

Implementation and Reporting

There are aspects of Consortium requirements that are [Award-level requirements](#), as well as others that are [Project-level requirements](#).

Award-Level: As a part of the Assistance Agreement closing process, all members of a Consortium must enter into a CMF Recipient Consortium Member Agreement. See Schedule 4-A of the template Assistance Agreement on CMF’s website under [Step 4: Closing and Disbursement](#), which contains the Representation and Warranties and CMF Recipient Consortium Member Agreement Criteria required for Consortium Members to fully execute their Assistance Agreements.

Project-Level: Each Consortium Member must invest their individual CMF Award in the same Project(s) as the other Consortium Members. Eligible Project Costs and Leveraged Capital must be pro-rated between all Consortium Members based on the amount of the CMF Award invested by each Consortium Member and must include at least one CMF eligible unit attributable to each Consortium Member. There can be no double counting of the same CMF Units by Consortium Members; the total CMF Units must be pro-rated between Consortium Members.



8. Direct Costs

Direct Costs, per the UAR, are costs identified specifically with an Award.

Source: [2 CFR 200.413 Direct costs](#)

8.1. Direct Costs: Direct Administrative Expenses

Direct Administrative Expenses (DAE) are costs incurred by the Recipient related to the administration of the CMF Award or the financing of CMF Projects.

Source: *Interim Rule (effective June 25, 2024)* [§ 1807.302\(f\) Restrictions on use of a CMF Award](#)

What is meant by “Direct Administrative Expenses”:

Direct Administrative Expenses are described in [§ 200.413](#) of the UAR. Recipients of CMF Awards may spend up to five percent (5%) of their Award for direct costs associated with the administration of the Award or the financing of Projects. Typical costs may be the compensation of employees who work on the Award or materials and other expenses directly connected to the Award or a Project.

Direct Costs are allowed as Direct Administrative Expenses under CMF; Indirect Facilities and Administrative costs are not. Indirect costs are detailed in [§ 200.414](#) of the UAR.

Implementation and Reporting

Direct Administrative Expenses are subject to [Award-level requirements](#).

The disbursement of up to five percent (5%) of the CMF Award for Direct Administrative Expenses may occur over the Investment Period of the Award. Direct Administrative Expenses are not subject to the CMF Commitment requirements (see [Commitment Process](#)), but any funds allocated for Direct Administrative Expenses must be expended by the Investment Period End Date indicated in Schedule 1 of the Recipient’s Assistance Agreement.

Program Income (see [Program Income](#) section of this Manual) may be used for Direct Administrative Expenses, but in no event may the total of Award funds and Program Income spent for Direct Administrative Expenses exceed five percent (5%) of the Award amount.

Direct Administrative Expenses are not considered Eligible Project Costs (EPC) and may not be counted toward EPCs. Direct Administrative Expenses may not be counted in calculating the percentage of the Award used in Rural Areas, if applicable.

Direct Administrative Expenses policies are applicable to all CMF Award years.



8.2. Direct Costs: Feasibility Determination Expenses

Feasibility Determination Expenses may be incurred by Recipients to determine the feasibility of potential Projects.

Source: Interim Rule (effective June 25, 2024) [§ 1807.401 Definitions](#)

What is meant by “Feasibility Determination Expenses”:

Feasibility Determination Expenses are an eligible activity under a CMF Award. Recipients of CMF Awards may spend up to five percent (5%) of their Award for direct costs associated with determining the feasibility of potential projects. Such expenses may include, but are not limited to, preliminary market studies, engineering, architectural analyses, financial feasibility analyses, or other similar costs. Feasibility Determination Expenses are intended to allow Recipients to expend a small portion of their Award to determine if a project is feasible before completing a Project Commitment using CMF Award funds.

Direct Costs are described in [§ 200.413](#) of the UAR. Feasibility Determination Expenses must: 1) be directly associated with an identifiable potential CMF Project; 2) must be expended before a Project Commitment is made; 3) may not be counted toward Eligible Project Costs; 4) may not be counted toward the percentage of the Award used in Rural Areas, if applicable; and 5) are limited to five percent (5%) of the entire Award amount.

Implementation and Reporting

Feasibility Determination Expenses are subject to [Award-level requirements](#).

The disbursement of up to five percent (5%) of the CMF Award for Feasibility Determination Expenses may occur over the Investment Period of the Award. Feasibility Determination Expenses may only be spent on a potential Project prior to a Project Commitment (see [Commitment Process](#) section of this Manual). Any funds spent for Feasibility Determination Expenses must be expended by the Investment Period End Date indicated in Schedule 1 of the Recipient’s Assistance Agreement.

Program Income (see [Program Income](#) section of this Manual) may be used for Feasibility Determination Expenses. However, the CMF Award and Program Income spent for Feasibility Determination Expenses combined cannot exceed five percent (5%) of the total Award amount.

Feasibility Determination Expenses are not considered Eligible Project Costs (EPC) and may not be counted toward EPCs. Feasibility Determination Expenses may not be counted in calculating the percentage of the Award used in Rural Areas, if applicable.

Feasibility Determination Expenses are only relevant to FY 2024 and subsequent Awards. FY 2016 to FY 2023 Award Recipients cannot use their Awards for Feasibility Determination Expenses.

Note that the option to use up to 5% of the Award for Direct Administrative Expenses is separate from the option to use up to 5% of the Award for Feasibility Determination Expenses. For example, a Recipient can spend 5% of their Award for Direct Administrative Expenses, 5% of their Award for Feasibility Determination Expenses, and the remaining 90% on Projects.



9. Disbursement

What is meant by “Disbursement”:

The Recipient is required to make an initial disbursement of either all or a portion of the CMF Award for Affordable Housing Activities or Economic Development Activities. The initial disbursement deadline is three (3) years after the Effective Date of the Assistance Agreement and specified in Schedule 1 of the Assistance Agreement.

The entire CMF Award must be fully disbursed by the Recipient as of the end of the Investment Period. Funds are considered disbursed when they are provided to the project sponsor, developer, borrower, Eligible-Income Family or Community Service Facility (or other physical structure arising from an Economic Development Activity).

Source: Section 4.5 of the Assistance Agreement

Implementation and Reporting

The initial disbursement requirement outlined above is an [Award-level requirement](#).

There is no initial disbursement requirement for Program Income; see [Program Income](#) for reinvestment requirements.

If a Project is terminated after the disbursement of CMF Award dollars, this is an event of noncompliance; see [Commitment](#) for further guidance.



10. Economic Development Activities

CMF Award Recipients may use up to 30% of their Award to fund Economic Development Activities (EDA), if such use is approved in their applicable Assistance Agreement.

Source: Interim Rule (effective June 25, 2024) [§ 1807.403 Economic Development Activities](#)

10.1. Economic Development Activities

What is meant by “Economic Development Activities”:

CMF Awards may be used to finance or support Economic Development Activities (EDA) that may include two types of facilities: Community Service Facilities or physical structures in which businesses operate.

Community Service Facilities are structures in which service programs benefiting nearby residents of affordable housing are provided. These programs can include health care, childcare, education programs, job training, food and nutrition services, arts, or other social services. They do not include facilities which house typical municipal services, except for libraries, charter schools, indoor recreation, or others identified in the Award Assistance Agreement.

Physical structures in which businesses operate may include private business or industry subject to §1807.302 of the revised Interim Rule (effective June 25, 2024).

Source: Interim Rule (effective June 25, 2024) [§ 1807.302 Restrictions on Use of CMF Award](#).

EDA is meant to stabilize, sustain, or revitalize Low-Income Areas including Underserved Rural Areas. It must complement housing activities and be undertaken as part of a Concerted Strategy. The facilities or structures financed are to be undertaken in conjunction with nearby affordable housing to benefit the residents. For a Metropolitan Area, the EDA must be within one mile of affordable housing; for a Rural Area, the EDA must be located within the same county, township, or village, or within 10 miles of such affordable housing. The affordable housing is not required to be CMF-financed. However, if it is not CMF-financed, it must be housing authorized by, or whose affordability is subject to, local, state, or Federal laws.

Source: Interim Rule (effective June 25, 2024) [§ 1807.403 Economic Development Activities](#).

Implementation and Reporting

A Recipient may use its CMF Award to finance and/or support EDA through any CMF Eligible Use pursuant to § 1807.301 of the revised Interim Rule (effective June 25, 2024), except for the Use to “capitalize an Affordable Housing Fund.” (For example, the Eligible Use “to capitalize Loan Loss Reserves” could be used to support EDA, if the Recipient is approved for EDA as an eligible activity.)

The Low-Income Areas and Underserved Rural Areas where EDA may be located are identified as part of a dataset available under the header “Compliance Resources and Reporting” for each applicable Award year on the [CMF Step 5: Compliance Resources and Reporting](#) page. EDA Projects are subject to [Project-level requirements](#) and must be reported as a Project Record in AMIS. The 30% cap on the use of a CMF Award for EDA is an [Award-level requirement](#).



10.2. Economic Development Activities: Minimum Use Term

For all Economic Development Activities (EDA) financed and/or supported with a FY 2024 CMF Award or subsequent, there is a minimum use term requirement associated with the EDA. The Community Facilities and physical structures associated with EDA must be used for allowable activities for a minimum of three years from Project Completion. For EDA, Project Completion is when the physical structure is occupied by an eligible business or Community Service provider as of the Economic Development Activity Occupancy Date.

Source: [§ 1807.403\(b\) Minimum Use Term](#)

What is meant by “Minimum Use Term”:

For FY 2024 and subsequent Awards, the Community Service Facilities or physical structures resulting from Economic Development Activities must continue to be used for allowable Economic Development Activities for a minimum of three years commencing with Project Completion. The EDA activity is allowed to change from one EDA activity to another during the three-year period (e.g., the use of a CMF-financed Community Facility could change from a childcare center to a health care center), but it must remain an eligible Economic Development Activity and may not be a prohibited use under § 1807.302 of the revised Interim Rule (effective June 25, 2024).

Source: *Interim Rule (effective June 25, 2024)* [§ 1807.403\(b\) Minimum Use Term](#).

Implementation and Reporting

The EDA minimum use term requirement is a [Project-level requirement](#).

The minimum use term requirement for EDA is applicable to FY 2024 and subsequent Awards. EDA funded under prior Awards (i.e., FY 2016 to FY 2023 Awards) are not subject to the three-year minimum use term requirement.

For each Economic Development Activity, a Recipient must enter on the Project Record in AMIS the “Economic Development Activity Occupancy Date.” This is the date the EDA structure is occupied by an eligible business or Community Service provider and is the start date for the three-year compliance period. The minimum use term requirement for EDA is applicable to FY 2024 and subsequent Awards. EDA Projects financed and/or supported using prior FY 2016 to FY 2023 Awards are not subject to the three-year minimum use term requirement.



11. Eligible Project Costs

11.1. Eligible Project Costs: Definition

Eligible Project Costs (EPC) means all eligible development, financing, refinancing, acquisition, relocation, loan loss reserve, guarantee, predevelopment, and related soft costs incurred in the achievement of Project Completion, as described in the Assistance Agreement (see Section 3.4 of the Assistance Agreement), paid using a CMF Award and any Leveraged Capital.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.104 Definitions](#)

What is meant by “Eligible Project Costs”:

EPCs are the costs incurred when undertaking eligible Affordable Housing or Economic Development Activities which are financed or supported using a CMF Award and Leveraged Capital. EPCs must be attributable exclusively to Affordable Housing costs for Housing that is or will be occupied by Families at or below 120% of the area median income and/or physical structures in the case of Economic Development Activities.

Implementation and Reporting

Recipients must calculate EPCs for each Project. Typically, the Recipient will start with a complete list of the known total development costs (TDCs) for the Project at the time of Project Completion. From the final itemized list of TDCs, the Recipient must evaluate each line item to determine if the costs are EPCs as set forth in Section 3.4 of the Assistance Agreement. The total EPCs may not exceed the total development cost for the Project.

Total EPCs for all Projects funded with a given CMF Award must be at least 10 times the amount of the CMF Award, and these costs must be incurred by the Investment Period End Date listed in the Assistance Agreement (also called the “Project Completion Date” under FY 2016 to FY 2023 Assistance Agreements). See [Leveraged Capital](#). This minimum 10 to 1 EPCs ratio is an [Award-level requirement](#).

11.2. Eligible Project Costs: Prorating Eligible Project Costs

EPCs must be prorated among Projects and/or Recipients in certain circumstances. Prorating EPCs means making a proportional allocation of the EPCs for a CMF-financed Project to ensure accurate reporting.

What is meant by “Prorating Eligible Project Costs”:

There are several circumstances where EPCs must be prorated. These circumstances include CMF investment in Projects where: 1) more than one CMF Award Recipient invests in the same Project; 2) a Recipient invests Award funds from more than one award year in the same Project; 3) members of a [Consortium](#) invest in the same Project; 4) it is a mixed-income Project, where not all units are CMF Units; or 5) or it is a mixed-use Project, i.e., a mix of residential and non-residential or commercial uses.

CMF Award funds may only be used to finance and/or support eligible Affordable Housing or Economic Development Activities. Additionally, the EPCs must only reflect the costs attributable to the Affordable Housing or Economic Development Activities.



When CMF is invested in mixed-use Projects (e.g., residential and commercial in the same property) or in mixed-income Projects (e.g., CMF Units and market-rate units), the EPCs may only reflect the proportional costs for the uses that are eligible to be supported with a CMF Award. For example, in a mixed-use Project where CMF is only used to finance the housing component and not any EDA, only the cost of CMF Units and a proportional amount of the cost of common space or infrastructure would be counted as EPCs.

CMF Award funds may be used to finance a mixed-income Project; however, CMF Award funds may only be used to finance CMF Units restricted to Families with Eligible-Incomes (no greater than 120% of the Area Median Income (AMI)). Unrestricted units (e.g. market rate units) do not count as CMF Units and the total development cost must be prorated between the CMF Units and unrestricted units. The EPCs for the project must only reflect the allowed, pro-rated costs attributable to the CMF Units.

One Recipient may use CMF Award funds from two or more Award years to finance a single Project; however, the CMF Units and EPCs must be prorated between the multiple Awards based on the proportional amount of CMF Award invested. Similarly, CMF funds from two or more Recipients may be used to finance a single Project; however, the CMF Units and EPCs must be prorated between the multiple Recipient Awards, again based on the proportional amount of CMF Award invested. This is also the case when two or more Recipients are using the [Consortium Approach](#) to fund the same CMF Projects.

Implementation and Reporting

The proration of EPCs is a [Project-level requirement](#).

EPCs (and CMF Units) for a Project receiving investment from multiple CMF Awards may not be double-counted and must be prorated between Awards for reporting purposes. When multiple CMF Awards are invested in the same Project (i.e., a Recipient is investing from more than one CMF Award in the same Project, or two or more Recipients are investing in the same Project, or Consortium members are investing in the same Project), the proration should reflect the proportional amount of Award funds invested in the Project.

In AMIS, whether co-investing CMF with another Recipient or using more than one CMF Award for the same Project, proration is reported by entering the prorated EPCs and CMF Units in the Project Annual Report under the appropriate income category, followed by reporting the co-investors (or other CMF Awards) EPCs and CMF Units as “non-eligible.” The same reporting would hold true when the co-investor (other CMF Award) reports in their separate CMF Performance Report; they enter prorated EPCs and CMF Units in the Project Annual Report under the appropriate income category, then reporting the co-investors (or other CMF Awards) EPCs and CMF Units as “non-eligible.”

EPCs for mixed-income or mixed-use Projects may only be attributable to eligible CMF Units and eligible Economic Development Activities. Common area costs or costs for on-site facilities that serve the entire Project (e.g., laundry room or lobby space) may be shared and incorporated on a prorated basis in EPCs. The CDFI Fund does not prescribe the method of proration in these cases, but examples may include proration based on the proportional amount invested, square footage, or an agreed-upon percentage.



Note, per [§ 1807.401](#) and Section 5.2(b) of the Assistance Agreement, 20% of units in each rental Project must be leased to Low-Income (LI) Families. Please contact CMF Compliance in situations where Recipients co-invest and, as a result of the required proration, are shown as failing this rental 20% of units LI families test in AMIS.

11.3. Eligible Project Costs: Ineligible Costs

The CMF Interim Rule (effective June 25, 2024) restricts the use of a CMF Award per [§ 1807.302](#).

Source: [Interim Rule \(effective June 25, 2024\) § 1807.302 Restrictions on the use of a CMF Award](#)

What is meant by “Ineligible Costs”:

CMF Award funds may not be used for the following:

- (1) Political activities;
- (2) Advocacy;
- (3) Lobbying, whether directly or through other parties;
- (4) Counseling services (including Homebuyer or financial counseling);
- (5) Travel expenses;
- (6) Preparing or providing advice on tax returns;
- (7) Emergency shelters (including shelters for disaster victims);
- (8) Nursing homes;
- (9) Convalescent homes;
- (10) Residential treatment facilities;
- (11) Correctional facilities; or
- (12) Dormitories.

Additional restrictions include golf courses, racetracks, gambling facilities, stores or businesses for the consumption of alcohol, certain farming activities, and other such ineligible uses as specified in the Interim Rule (effective June 25, 2024), see [§ 1807.302](#).

Recipients may not use more than 30% of a CMF Award for Economic Development Activities (EDA) and use of CMF for EDA must be an approved Eligible Use in the applicable Assistance Agreement.

CMF Award funds may not be used to finance units which are not restricted to Families with incomes 120% of the Area Median Income (AMI) or below.

Donations of land, material, sweat equity, and other donated goods and services are not leveraged sources of capital. They are also not deemed Eligible Project Costs financed with the CMF Award or Leveraged Capital, because donations are not financed costs, but have the effect of reducing the amount of financing required for the Project as a result of the donation. Land and other assets held in inventory for a Project, generally, are not Eligible Project Costs, except when the acquisition occurred within 36 months of the date the Project received a CMF Award Project Commitment. A current appraised value cannot be substituted for the actual acquisition cost.



Implementation and Reporting

The ineligible costs requirement is an [Award-level requirement](#) and a [Project-level requirement](#). The use of CMF Award funds for ineligible or prohibited uses will result in a finding of [noncompliance](#) and possible sanctions.



12. Eligible Use

12.1. Eligible Use: Definition

What is meant by “Eligible Use”:

Recipients must use the CMF Award to finance and support Affordable Housing Activities and/or Economic Development Activities through the following Eligible Uses: (i) to provide Loan Loss Reserves; (ii) to capitalize a Revolving Loan Fund; (iii) to capitalize an Affordable Housing Fund; (iv) to capitalize a fund to support Economic Development Activities; (v) for Risk-Sharing Loans; or (vi) to provide Loan Guarantees.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.301 Eligible Uses](#)

Implementation and Reporting

The approved Eligible Uses are an [Award-level requirement](#). Starting with the FY 2024 Assistance Agreement, all Recipients are approved for all Eligible Uses (except for (iv) to capitalize a fund to support Economic Development Activities, as Recipients must have selected that Eligible Use in their Applications). For FY 2016 to FY 2023 Awards, Eligible Uses were called Eligible Activities, and Recipients were only approved for the specific items selected in their Applications.

12.2. Eligible Use: Loan Guarantees

What is meant by “Loan Guarantees”:

Loan Guarantee means the use of the CMF Award to support an agreement to indemnify the holder of a loan all or a portion of the unpaid principal balance in case of default by the borrower. The loans that are guaranteed with the CMF Award must be used for Affordable Housing Activities and/or Economic Development Activities. Examples include arrangements where the Recipient will assume or repay all or a portion of the debt if the borrower defaults.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.401 Loan Guarantee](#)

Implementation and Reporting

Recipients are approved for Loan Guarantees via the Assistance Agreement ([Award-level requirement](#)). The guidance below details the [Project-level requirements](#) associated with using Loan Guarantee to support Projects as approved at the Award-level.

For FY 2024 and subsequent Awards, the Recipient can demonstrate a Commitment for Use of CMF Award funds to provide Loan Guarantees as set forth in [§ 1807.501](#) by adopting a board resolution no later than the Committed for Use date(s) set forth in Section 3.2(h) of the Recipient’s Assistance Agreement, and maintaining a written copy of the adopted resolution in its CMF Award files.



For all Awards, the Project Commitment Date for CMF assistance in the form of a Loan Guarantee occurs when the Recipient enters into a legally binding agreement with a third-party to provide payment under the terms therein. See [Commitment](#) section for further detail.

Funds are considered disbursed for a Loan Guarantee when they are obligated to guarantee against specific loans or investment losses for Affordable Housing Activities and/or Economic Development Activities.

Project Completion for a Loan Guarantee occurs when an agreement providing a reserve or guarantee against specific loan or investment losses has been executed to support Affordable Housing Activities and/or Economic Development Activities that meet the requirements of 12 CFR 1807.400, et seq, which requires the supported Project to reach Project Completion.

Recipients using the CMF Award for Loan Guarantees must ensure that the loans finance Affordable Housing Activities and/or Economic Development Activities. Per [§ 1807.302\(d\)](#), the Affordable Housing resulting from the Recipient's Loan Guarantee must be tracked during the Affordability Period for compliance with the affordability requirements as set forth in subpart D of the revised Interim Rule (effective June 25, 2024).

12.3. Eligible Use: Loan Loss Reserves

What is meant by “Loan Loss Reserves”:

Loan Loss Reserves (LLR) means proceeds from the CMF Award the Recipient will set aside in the form of cash reserve, or through accounting-based accrual reserves, to cover losses on loans, accounts, and notes receivable for Affordable Housing Activities and/or Economic Development Activities.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.401 Loan Loss Reserves](#)

Implementation and Reporting

Recipients are approved for LLR via the Assistance Agreement ([Award-level requirement](#)). The guidance below details the [Project-level requirements](#) associated with using LLR to support Projects as approved at the Award-level.

For FY 2024 and subsequent Awards, the Recipient can demonstrate a Commitment for Use of CMF Award funds for LLR as set forth in [§ 1807.501](#) by adopting a board resolution no later than the Committed for Use date(s) set forth in Section 3.2(h) of the Recipient's Assistance Agreement and maintaining a written copy of the adopted resolution in its CMF Award files.

For all Awards, the Recipient will meet its Project Commitment Date for CMF assistance in the form of a LLR when the Recipient has established a cash reserve, escrow, or accounting-based accrual reserve with a lender or investor for a Loan Loss Reserve, as well as a legally binding agreement to cover losses on loans, accounts, and/or notes receivable for an identified Project or multiple identified Projects.



Funds are considered disbursed for a LLR when they are obligated to reserve against specific loans or investment losses for Affordable Housing Activities and/or Economic Development Activities.

Project Completion for a LLR occurs when the LLR is established and the CMF Award is disbursed to an escrow or cash reserve, or obligated to an accounting-based accrual reserve, to secure loans for Affordable Housing Activities or Economic Development Activities that meet the requirements of [§ 1807.400](#) et seq, which requires the supported Project to reach Project Completion.

Recipients using the CMF Award for a LLR must ensure that the loans finance Affordable Housing Activities and/or Economic Development Activities. Per [§ 1807.302\(d\)](#), the Affordable Housing resulting from the Recipient's LLR must be tracked during the Affordability Period for compliance with the affordability requirements as set forth in subpart D of the revised Interim Rule (effective June 25, 2024).



13. Environmental Review

13.1. Environmental Review: Environmental Review Certification and Notification

What is meant by “Environmental Review Certification and Notification”:

Section 6.12 of the Assistance Agreement describes the Environmental Review Certification and Notification requirement. It notes the Recipient has two options:

(a) For each Project, the Recipient must certify the following:

(1) The Recipient has identified one or more categorical exclusions, as set forth in [12 CFR § 1815.110](#), that apply to the Recipient’s proposed Affordable Housing Activities or Economic Development Activities; and

(2) The Recipient has determined that the proposed Project(s) does not involve actions that normally require an Environmental Impact Statement (EIS) as defined in [12 CFR § 1815.102\(a\)\(7\)](#).

(b) For a new project for which the Recipient would like to use the CMF Award but cannot make the certifications listed above, the Recipient will complete and submit to the CDFI Fund the [Environmental Review Notification Report](#), no later than one hundred eighty (180) days before a Project Commitment of CMF Award or Program Income dollars to the proposed Project.

Source: [CDFI Fund Environmental Review Requirements 12 CFR § 1815](#)

Implementation and Reporting

The Environmental Review is a [Project-level requirement](#). Recipients should complete the Environmental Review Notification Report form for each of its CMF Projects and retain the documentation in their records.

If a proposed Project is not Categorically Excluded, the Recipient is required to submit the [Environmental Review Notification Report](#) to comply with Section 6.12 of the Assistance Agreement. The Recipient should submit the form through a Service Request in AMIS. If the proposed Project is already undergoing (or has undergone) an environmental review as a condition of other funding (e.g., State or Federal funding), the Recipient should include information about such reviews. The Recipient should be prepared to submit the approved and completed environmental review(s) to assist the CDFI Fund in conducting its Environmental Assessment or Environmental Impact Statement, as necessary.

[12 CFR § 1815](#) requires the CDFI Fund to determine if an Environmental Assessment and/or Environmental Impact Statement is required and to conduct such studies. At this time, although other environmental reviews can be used in its evaluation, the CDFI Fund cannot rely solely upon the findings of other agencies. As a result, proposed Projects that are not Categorically Excluded may be subject to



lengthy delays, as the CDFI Fund arranges for and prepares necessary reports and reviews applicable regulatory processes.

13.2. Environmental Review: Categorical Exclusion

What is a “Categorical Exclusion”:

A Categorical Exclusion means that the CDFI Fund has already determined that the Project does not have a significant effect on the human environment (40 CFR § 1508.4). Therefore, neither an Environmental Assessment nor an Environmental Impact Statement is required. A Categorical Exclusion under the CDFI Fund regulations does not impact the requirements associated with any other Federal programs.

The Categorical Exclusions are reprinted below:

“(a) Actions directly related to the administration or operation of the Fund (e.g., personnel actions, including, but not limited to, staff recruitment and training; purchase of goods and services for the Fund, including, but not limited to, furnishings, equipment, supplies, and services; space acquisition; property management; and security);

(b) Actions directly related to and implementing proposals for which an environmental assessment or an environmental assessment and EIS have been prepared;

(c) Actions directly related to the granting or receipt of Bank Enterprise Act awards pursuant to [part 1806 of this chapter](#);

(d) Actions directly related to training and/or technical assistance;

(e) Projects for the acquisition, disposition, rehabilitation and/or modernization of 500 existing housing units or less when all the following conditions are met:

(1) Unit density is not increased more than 20 percent;

(2) The Project does not involve changes in land use from nonresidential to residential;

(3) The estimated cost of rehabilitation is less than 75 percent of the total estimated cost of replacement after rehabilitation; and

(4) The Project does not involve the demolition of one or more buildings containing the primary use served by the project that, together, have more than 20 percent of the square footage of the Project;

(f) Projects for the construction of 200 housing units or less when all the following conditions are met:

(1) The Project does not involve changes in existing land use from nonresidential to residential; and

(2) The Project does not involve the demolition of one or more buildings containing the primary use served by the project that, together, have more than 20 percent of the square footage of the Project;



(g) Projects for the acquisition, disposition, rehabilitation and/or modernization of 200,000 square feet or less of existing commercial space when all the following conditions are met:

- (1) The Project does not involve changes in existing land use from residential to nonresidential;
- (2) The estimated cost of rehabilitation is less than 75 percent of the total estimated cost of replacement after rehabilitation; and
- (3) The Project does not involve the demolition of more than 10,000 square feet of commercial space containing the primary use served by the Project;

(h) Projects for the construction of 100,000 square feet or less of commercial space when all the following conditions are met:

- (1) The Project does not involve changes in existing land use from residential to nonresidential: and
- (2) The Project does not involve the demolition of more than 10,000 square feet of commercial space containing the primary use served by the Project;

(i) Projects for the acquisition of an existing structure, provided that the property to be acquired is in place and will be retained in the same use;

(j) Projects involving Fund financial assistance of \$1,000,000 or less;

(k) Actions directly related to the provision of residential tenant-based rental assistance, Consumer Loans, health care, childcare, educational, cultural and/or social services;

(l) Actions involving Fund financial assistance that is used to increase the permanent capital and/or liquidity of an applicant;

(m) Actions where no use of Federal funds is involved in the activity or Project; and

(n) Actions directly related to the provision of working capital, the acquisition of machinery and equipment or the purchase of inventory, raw materials, or supplies.”

Source: [CDFI Fund Environmental Review Requirements 12 CFR § 1815.110](#)

Implementation and Reporting

The Categorical Exclusion is a Project-level determination related to the Environmental Review and is thus a [Project-level requirement](#).

When determining the amount of CDFI Fund financial assistance under Categorical Exclusion option (j) above, the Recipient must account for (1) all financing provided by the Recipient in each stage of the Project and (2) include investments from any other CDFI Fund administered grant program or the CMF Program. For example, if the Recipient made two separate \$750,000 investments from CMF Awards in the same Project, or one \$750,000 investment from CDFI-FA funds and another \$750,000 investment made with funds from a CMF Award, either scenario would mean more than \$1 million of investment



came from CDFI Fund sources of capital. In contrast, Recipients that are reinvesting their original CMF Investment in a Project into another stage of the same Project, i.e., predevelopment paid back and then reinvested as permanent financing, should only count the CMF Award funds once since the funds were reinvested. If the total amount invested is less than or equal to \$1 million, the Recipient should follow the instructions for Categorically Excluded Projects.

To summarize, the Recipient must consider financing from both the Capital Magnet Fund and other CDFI Fund grant programs, regardless of whether the Recipient or another entity provided that financial assistance to the Project. Therefore, if two CDFI Fund-sourced investments cumulatively total more than \$1 million, this Categorical Exclusion would not apply.



14. Homeownership

Homeownership is an ownership interest in 1) a home in fee simple, or by condominium, cooperative, mutual housing, or ground lease title interest, in a one-to-four-unit Single-family housing; or 2) the ownership of a manufactured housing unit.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.104 Definitions](#)

14.1. Homeownership: Family Qualification

What is meant by “Family Qualification”:

To determine if a Family is a CMF-income qualifying Family for Homeownership Affordable Housing, the Recipient must determine that the Homebuyer’s household income is less than or equal to the Eligible-Income (or other specified income level) for the area.

Implementation and Reporting

The Family qualification requirement is a [Project-level requirement](#).

To measure the Homebuyer’s household income, the Recipient must use the Homebuyer’s adjusted gross income as defined under the Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax reporting purposes. The Recipient must establish a process for verifying and documenting Family income in compliance with all applicable Federal and State lending laws. Family income must be verified by third-party documentation (e.g., pay-stubs, income statements, tax returns, records of self-employment, etc.)

The following is required:

- (1) The maximum household income, adjusted for Family size, must not exceed 120% of Area Median Income (AMI) or a lower targeted income as set by the Recipient for a particular home (i.e., Housing designated for a Low-income Family (at or below 80% AMI) must have a Low-income Family residing in it).
- (2) To ensure that purchasers, owners, and other Families who occupy the CMF financed/supported Housing are qualifying Families, the household income must be verified before the time of title transfer.
- (3) The Recipient must establish in writing its procedure for verification. The procedure must include a process to verify income for each Family relying on third-party documentation. Self-certification by homeowners is not acceptable.
- (4) The Recipient cannot rely on general income statistics or survey methods to impute the individual income of any Family.
- (5) The Recipient may perform income verification through other entities but must be able to access primary documentation according to the records retention policy in the Assistance Agreement.
- (6) In all cases, every Family that will be a beneficiary of a CMF investment must have income verified for eligibility. If this information is not available for any reason for a given Family, then



that Family cannot benefit from the CMF investment. Such verification must take place before disbursement of the CMF Award (or Program Income) for that Family.

Income verification determinations are subject to inspection by the CDFI Fund. Thus, the Recipient must be able to associate each specific address with its income determination for the Family residing in Housing.

14.2. Homeownership: Purchase Price Limits

A Homeownership Purchase financed with CMF is subject to purchase price limits.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.402\(a\)\(1\)\(ii\) Purchase price limits](#)

What is meant by “purchase price limits”:

Purchase price limits place an upper cap on the price of a home that may be purchased using CMF Award funds. Individual mortgages financed with the CMF Award must be originated based on an assessment of the Homebuyer’s repayment capacity and the affordability of the loan terms and conditions.

Implementation and Reporting

Purchase Price Limits are a [Project-level requirement](#).

The purchase price limits changed in the revised Interim Rule (effective June 25, 2024).

For CMF Awards made after June 25, 2024: For FY 2024 and subsequent Awards, the purchase price may not exceed the limits under the [HUD FHA Section 203\(b\) Mortgage Insurance Program](#)

For FY 2016 to 2023 CMF Awards: The Purchase Price Limits may not exceed 95% of the median purchase price for the area as used in the HOME Program as determined by HUD per the former Interim Rule (February 8, 2016), see [§ 1807.402\(a\)\(2\)](#).

14.3. Homeownership: Recoupment, Replacement, and/or Resale Strategy

The Interim Rule (effective June 25, 2024) changes the recoupment, resale, and/or replacement requirements related to Homeownership Affordable Housing.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.402\(a\)\(1\)\(vi\) Resale](#)

What is meant by the “recoupment, replacement, and/or resale strategy”:

Housing financed for Homeownership Affordable Housing with the CMF Award must remain affordable for 10 years. Recognizing that in the normal course of owning a home, Homebuyers may sell it before the end of the 10-year Affordability Period, resale is permitted. However, there are requirements to ensure the shortened Affordability Period is otherwise met, the unit properly replaced, or the investment recouped as required.



The revised Interim Rule (effective June 25, 2024) requires the Recipients to establish a resale, recoupment, and/or replacement strategy. For FY 2024 and subsequent Awards, the strategy must ensure that:

1. If the home is sold in five years or less of the Purchase, the home must be sold to another Eligible-Income Family, or the CMF investment must be recouped, and the home replaced with affordability restrictions for the remainder of the Affordability Period.
2. If the home is sold after five years of the Purchase, but before the end of the Affordability Period, the home must be sold to another Eligible-Income Family, or the CMF investment must be recouped in a proportional amount equal to one-tenth of the investment for every remaining year. The home does not need to be replaced.

Source: Interim Rule (effective June 25, 2024) [§ 1807.402 \(a\)\(1\)\(vi\) Affordable Housing-Homeownership](#).

For FY 2016 to FY 2023 Awards, the strategy must comply with the former Interim Rule (February 8, 2016) and ensure that if the home is sold before the end of the 10 year affordability period, the home must be sold to another Eligible-Income Family, or an amount equal to the CMF investment (whether recouped or not) is used to finance replacement housing for the same income category for the duration of the affordability period, see [§ 1807.402\(a\)\(5\)](#).

Implementation and Reporting

The resale, recoupment, and/or replacement provisions outlined [§ 1807.402\(a\)\(1\)\(vi\)](#) are **[Award-level requirements](#)**.

The Recipient must adopt a resale, recoupment, and/or replacement strategy which includes the provisions listed above, prior to executing a Project Commitment of any CMF Award dollars to Homeownership Affordable Housing activities. Deed restrictions, covenants running with the land, or other similar mechanisms may be used as the mechanism to impose a resale, recoupment, and/or replacement strategy, as can covenants in the loan documents. This requirement applies to Homeownership Project Commitments under CMF Awards made after June 25, 2024 (FY 2024 and subsequent Awards).

All Homeownership CMF Units supported or financed under prior CMF Awards (FY 2016 to FY 2023) are not subject to this requirement, but must comply with resale provisions under [§ 1807.402\(a\)\(5\)](#) of the former Interim Rule (February 8, 2016).

An established Homeownership Program is considered a “Project” for purposes of making a Project Commitment (see [Commitment Process](#)).



15. Income

The income of Families occupying CMF-financed Housing is the combined earnings of all members of the household as determined at initial occupancy and thereafter, as a percentage of the Area Median Income (AMI), adjusted by Family size. See CMF Compliance Frequently Asked Questions (FAQ) for additional information, under the header “Key CMF Compliance and Reporting Resources” on the [CMF Step 5: Compliance Resources and Reporting](#) page.

15.1. Income: Income Determination

At the time of each initial lease and occupancy, and annually thereafter, tenant income for rental Affordable Housing must be determined in order to ascertain income eligibility (see [§ 1807.401\(f\)](#)). Income for Homebuyers must be determined prior to Purchase (see [§ 1807.402 \(a\)\(iii\)](#)).

Source: [Interim Rule \(effective June 25, 2024\) § 1807.401\(f\) Tenant income determination](#) and [§ 1807.402 \(a\)\(iii\) Qualifying Homebuyer](#)

What is meant by “Income Determination”:

Eligibility requirements apply to tenants of CMF Units in rental Projects and Homeowners of Housing financed with CMF Award funds.

For rental Affordable Housing, income determination is done at initial lease-up and occupancy and annually thereafter through the end of the Affordability Period. For FY 2024 and subsequent Awards, there is an exception to the annual income recertification requirement for Projects where 100% of the units are subject to CMF rent limitations or the CMF rent limitation is tied to specific units with a fixed address (e.g., Apartment Unit No. 101 is specifically restricted as an affordable unit to 60% AMI or below). See Section 5.2 of FY 2024 and subsequent Assistance Agreements.

For Homeownership Affordable Housing, the Homebuyer income must be determined prior to Purchase.

Implementation and Reporting

Income Determinations are [Project-level requirements](#). There are three methods to determine whether tenant is Eligible-Income: (i) Adjusted gross income as reported on IRS Form 1040 for individual Federal income tax purposes; (ii) Annual income as defined at 24 CFR 5.609; or (iii) [Presumptive Compliance](#). Income must be documented in one of these three ways; self-reporting without third-party verification is not acceptable.

To determine whether a Homebuyer qualifies, the adjusted gross income of the Homebuyer, as reported on IRS Form 1040 for individual income tax purposes, should be used. Eligibility is determined for a Homebuyer only at the time of Purchase.

15.2. Income: Very Low-Income

For all FY 2024 and subsequent Awards, Very Low-Income (VLI) is calculated at 60% of the Area Median Income, with adjustments for Family size. For all FY 2016 to FY 2023 Awards, VLI is calculated at 50% of the Area Median Income, with adjustments for Family size.



Source: Interim Rule (effective June 25, 2024) [§ 1807.104 Definitions](#) and former Interim Rule (February 8, 2016) [§ 1807.104 Definitions](#)

What is meant by “Very Low-Income”:

CMF relies on the dataset published annually by the U.S. Department of Housing and Urban Development (HUD) as the Multi-family Tax Subsidy Income Limits to set the upper limit of the definition of Very Low-Income at both 50% Area Median Income (FY 2016 to FY 2023 Awards) and at 60% Area Median Income (FY 2024 and subsequent Awards). The dataset is available online through the [HUD Multi-family Tax Subsidy Project Documentation System](#). The same dataset can be used for both rental and Homeownership CMF Projects.

Implementation and Reporting

Income must be reported as part of the Project Record in AMIS and is both a [Project-level](#) and an [Award-level requirement](#). The PG&M is tested at the Award-Level, based on a roll-up of Project-level data.

The definition of VLI in the Interim Rule (effective June 25, 2024), at or below 60% AMI, is applicable to FY 2024 and subsequent Awards. Awards granted before June 25, 2024 (FY 2016 to 2023), must comply with the definition of VLI under the former Interim Rule (February 8, 2016), at or below 50% AMI, and the applicable Assistance Agreement.

On May 2, 2025, the CDFI Fund notified CMF Recipients that it was aware that some past CMF Recipients reported making Project-level Commitments between June 25, 2024 and March 31, 2025 based on the assumption that the Project-level Commitments under FY 2023 and earlier CMF Awards could be made to conform with the terms and provisions of the revised CMF Interim Rule (effective June 25, 2024).

FY 2016 to FY 2023 CMF Recipients that made Project-level Commitments between June 25, 2024 and March 31, 2025 are advised to submit a Service Request in AMIS for each of the CMF Award(s) impacted during this time period. The Service Request should provide the following details for each Project that may be at risk of being out of Compliance:

1. Project Name
2. Compliance Project ID Number (if available in AMIS)
3. Date Funds Committed
4. Brief description of associated CMF compliance risk issue(s) emerging from the specific Project Commitment (e.g., “Our organization may be at risk of missing our FY 2021 Very Low-Income PG&M as the 100 unit Project we made our Project Commitment to has 40-units restricted at 60% AMI that we assumed would be counted towards that PG&M under the revised Interim Rule (effective June 25, 2024)”).

The CDFI Fund will review each Service Request on a case-by-case basis and will consider the impact of the applicability of the revised Interim Rule (effective June 25, 2024) as part of the compliance review. If the Recipient sufficiently demonstrates that it will achieve the relevant Performance Goal & Measure benchmarks if the non-conforming Project Commitments are included, the CDFI Fund will, in its discretion, issue administrative relief from a noncompliance determination for any issues of technical



noncompliance related to the transition from the former CMF Interim Rule (February 8, 2016) to the CMF Interim Rule (effective June 25, 2024).



16. Leveraged Capital

Leveraged Capital means capital raised to finance the costs for Affordable Housing Activities and Economic Development Activities.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.104 Definitions](#)

16.1. Leveraged Capital: Overview

What is meant by “Leveraged Capital”:

Each CMF Award is expected to leverage outside capital to finance CMF Projects by at least ten times the Award amount. Leveraged Capital may be either private or public funds, but Award Recipients are encouraged and are more favorably evaluated in the competitive award process if they secure Leveraged Capital from private sources.

The combination of CMF Award funds and Leveraged Capital pay for the Eligible Project Costs for CMF Projects to support Affordable Housing and Economic Development Activities. Each Recipient is also expected to meet a Private Leverage Multiplier in Schedule 1 of the Assistance Agreement which reflects the private leverage the Recipient proposed raising in its Application.

There are three ways to raise Leveraged Capital. **Enterprise-level capital** is capital earned, borrowed, or raised by the Recipient or its Affiliates, which is designated for use and ultimately used to pay for EPCs, but is not initially restricted for use for specific properties at the time it is earned, borrowed, or raised. The capital is at the organization or enterprise level. Examples may be a line of credit or a foundation grant. **Project-level capital** is designated for a particular Project at the time it is earned, borrowed, or raised. Examples may be Low Income Housing Tax Credit (LIHTC) equity or mortgage financing. The third type is **Reinvestment-level capital** which is capital resulting from CMF Award Program Income that is used to finance additional eligible activities. Recipients may use any combination of the three types of Leveraged Capital to finance Eligible Project Costs alongside their CMF Award.

Financial Assistance grant program funds from other CDFI Fund programs may be invested in CMF Projects; however, they must be invested in different development stages, and grant program funds from other CDFI Fund programs may not be counted as Leveraged Capital.

Implementation and Reporting

The minimum Leveraged Capital multiplier is 10, meaning each CMF Award Recipient must leverage its Award by at least ten times as required by the CMF enabling statute.

Recipients must calculate Eligible Project Costs (EPCs) for each Project. The EPCs are made up of the cost of developing and financing CMF Projects financed through Award funds plus Leveraged Capital. The Leveraged Capital multipliers (minimum and private) are calculated for the portfolio of CMF Projects and not for each individual Project.

At the end of the five-year Investment Period (e.g., the Investment Period End Date for 2024 and subsequent Recipients, also called the Project Completion Date for prior Award Recipients FY 2016 to FY



2023) total EPCs must equal or exceed 10 times the total Award amount. See [Eligible Project Costs](#) for more information on calculating EPCs.

The overall leverage multiplier is calculated as:

Overall Leverage Multiplier = Total EPCs ÷ CMF Award

The private leverage multiplier is calculated as:

Private Leverage Multiplier = EPCs paid with Private Leverage ÷ CMF Award

The Overall Leverage Multiplier and Private Leverage Multiplier are [Award-level requirements](#).

16.2. Leveraged Capital: Private

Leveraged Capital may be earned, raised, or borrowed from both public and private sources.

Source: Section 2.44 of the Assistance Agreement

What is meant by “private Leveraged Capital”:

Private capital is investments or loans to the Recipient, or to Projects financed and/or supported by the Recipient, that is received from private entities (e.g., banks, private investors, or other non-governmental entities). Examples of private sources of leverage used to pay Eligible Project Costs include:

- Any private sector-sourced equity and debt (including investor or owner equity and conventional bank loans or lines of credit)
- Low-Income Housing Tax Credit equity investments or other tax credit equity investments
- Private financing supported by public agency guarantees, such as FHA-insured mortgages or the Department of Agriculture’s Section 502 Guaranteed Loan Program
- The Recipient’s (or an Affiliate’s) own investments of Enterprise-Level Capital
- Loans or equity investments from Nonprofit Organizations, so long as these are not pass-through investments of public grants or capital

Implementation and Reporting

The Private Leverage Multiplier is an [Award-level requirement](#). As of the end of the Investment Period, the Recipient must have yielded an amount of total Eligible Project Costs funded by Private Leveraged Capital that is no less than the amount of the CMF Award times the private leverage multiplier in each Recipient’s Schedule 1 of their Assistance Agreement.

Further guidance on reporting public and private Leveraged Capital available in [Leveraged Capital: Public](#) section.



16.3. Leveraged Capital: Public

Leveraged Capital may be earned, raised, or borrowed from both public and private sources.

Source: Section 2.44 of the Assistance Agreement

What is meant by “public Leveraged Capital”:

Public sources of leverage are typically grants, loans, or awards made to the Recipient or directly to Projects with funds that are allocated by Federal, State, or local governments. Examples of public sources of leverage used to pay Eligible Project Costs include:

- The CMF Award
- Program Income earned on the CMF Award
- CDBG (including Section 108 loans)
- HOME Program
- Department of Agriculture Section 502 Direct Loan Program
- Indian Housing Block Grant Funding
- Other Federal, State, and local direct grants or loans

Implementation and Reporting

Before entering this data into AMIS, Recipients are encouraged to start with a Project sources and uses document and split costs into Eligible Project Costs and Non-Eligible Project Costs (such as unrestricted units). For all EPCs, identify the source of capital that financed the costs as either Public or Private, and then sum each category. The total must be equal to the total EPCs in the Project. In AMIS, enter Projected EPCs from Private & Public sources in the Project Record, making sure to include CMF Award & Program Income under Public dollars. Once a Project reaches [Completion](#), Recipients must report the actual Public & Private dollars in the Project Annual Report. These fields sum across all Projects in a particular CMF Award to calculate the Award-level Performance Goals, such as overall leveraging requirements, which are assessed at the end of the Investment Period.

The Overall Leverage Multiplier is an [Award-level requirement](#). As of the end of the Investment Period, the Recipient must have financed and/or supported Eligible Project Costs in an amount that equals at least ten (10) times the dollar amount of the CMF Award.



17. Manufactured Housing

What is meant by “manufactured housing”:

Manufactured housing encompasses homes that are built off-site in a factory and subsequently transported to a site for permanent placement.

The CMF Award can be used to assist eligible residents in manufactured Housing communities with any eligible activities associated with Homeownership Affordable Housing. Homeownership Affordable Housing activities include purchase assistance; acquisition; construction; conversion of rental Affordable Housing to Homeownership; financing the Development, Rehabilitation, Preservation, or Purchase of a manufactured Housing community; and other related activities.

The CMF Award can be used to fund a loan to Purchase a mobile home park if all lots/pads are filled with CMF Units. If all lots/pads are not filled with CMF Units, the Recipient can prorate the Project’s costs. Please note that a lot without a housing unit may not be financed with a CMF Award.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.104 Definitions](#)

Implementation and Reporting

The guidance on manufactured housing is related to [Project-level requirements](#). To determine the affordability of the unit, which is classified as Single-family Housing, the purchase price of the manufactured Housing and lot may not exceed CMF’s purchase price limits (or for owner-occupied Rehabilitation, the after-Rehabilitation value) for the area. See [Homeownership: Purchase Price Limits](#). No distinction is made between manufactured Housing and other owner-occupied Housing for this test. The related mortgage must be originated based upon an assessment of whether the Homebuyer can repay the loan based on terms and conditions that are transparent and understandable to the Homebuyer, and the mortgage is affordable to the Homebuyer over the life of the loan.

See [Homeownership: Family Qualification](#) for income verification requirements.



18. Noncompliance

Section 8 of the Assistance Agreement details events of noncompliance and remedies.

What is meant by “events of noncompliance”:

Events of noncompliance are defined in Section 8.1 of the Assistance Agreement. An example of an event of noncompliance is failure to meet a Performance Goal (PG&M) as set forth in the Assistance Agreement.

Source: Section 8 of the Assistance Agreement

Implementation and Reporting

Sanctions for noncompliance are defined in Section 8.2 of the Assistance Agreement and are [Award-level requirements](#).

For example, in the event the Recipient fails to meet a PG&M, the Recipient is deemed noncompliant. Subsequently, the CDFI Fund will issue a notice of noncompliance letter, giving the Recipient time to cure, if applicable, prior to sanctions being imposed. If the Recipient cures the noncompliance within the given timeframe, the CDFI Fund issues a Noncompliant No Sanctions (NCNS) letter. (Note that a NCNS status is equivalent to the formerly used term of a Noncompliance Not in Default (NCND) status within AMIS.)

The Recipient receives and maintains a NCNS status for the Award in AMIS until the next reporting period, during which the CDFI Fund will determine whether the status should remain or be updated.

If the Recipient fails to take appropriate corrective action within the cure period, the CDFI Fund will confirm the noncompliance status and sanctions may be imposed, including but not limited to:

1. De-obligating the remaining CMF Award;
2. Terminating the CMF Assistance Agreement;
3. Barring Recipient for two (2) years from receiving any CDFI Fund award;
4. Repayment of all Assistance paid to Recipient; and/or
5. Remittance of only the unspent Assistance paid to Recipient.



19. Notification Requirements

19.1. Notification Requirements: Material Event

What is meant by “Material Event”:

As defined and detailed in Section 7.8 of the Assistance Agreement, a Material Event is an occurrence that affects the Recipient’s strategic direction, mission, business operation, status as a Certified CDFI or Nonprofit Organization, or compliance with the terms and conditions of the applicable CMF Assistance Agreement.

Source: Section 7.8 of the Assistance Agreement

Implementation and Reporting

Material Events are [Award-level requirements](#). For all cases, Recipients should use AMIS to submit the Material Events Form. Please refer to [CMF’s Compliance Resources and Reporting webpage](#) under the Material Events subsection for the latest instructions on how to complete and to submit the form.

The Recipient’s obligation to notify the CDFI Fund in writing of certain events is detailed in the applicable section of the Assistance Agreement.

Section 3.2: CMF Award not Committed for Use by required date

If a Recipient fails to obligate a CMF Award Lump Sum or Initial Payment to an Eligible Use within two years or a Subsequent Payment within three years from the Effective Date of the Assistance Agreement, the Recipient will submit this as a Material Event no later than **thirty (30) days** after the Committed for Use date set forth in Schedule 1 of the Assistance Agreement.

Section 3.2: CMF Award not fully allocated to Project Commitments by required date

If a Recipient fails to fully allocate the CMF Award to Project Commitments (taking account of Direct Administrative Expenses and/or Feasibility Determination Expenses, as applicable) by the applicable Project Commitment Date, the Recipient will submit this as a Material Event no later than **thirty (30) days** after the Project Commitment Date set forth in Schedule 1 of the Assistance Agreement.

Section 3.2: CMF Award not initially disbursed by required date

If the Recipient fails to make an initial disbursement of its CMF Award to at least one Project by the Initial Disbursement Date, which is three years after the Effective Date of the Assistance Agreement as set forth in Schedule 1 of the Assistance Agreement, the Recipient will submit this as a Material Event no later than **thirty (30) days** after the Initial Disbursement Date set forth in Schedule 1 of the Assistance Agreement.

Section 3.2: CMF Projects not completed by the Investment Period End Date

If the Recipient fails to complete all Projects by the Investment Period End Date the Recipient will submit this as a Material Event no later than **thirty (30) days** after the Investment Period End Date.

Section 6.12: Environmental Review

See [Environmental Review](#) section of this Manual.



Section 7.8: Other Material Events

As applicable, all of the Material Events listed in Section 7.8 of the Assistance Agreement trigger the requirement to submit a Material Event form with sufficient detail to the CDFI Fund within **thirty (30) days** of the event.

Section 9.9: Change in Key Personnel

The Recipient must report to the CDFI Fund in writing any change to its Executive Director, Chief Financial Officer, the Board Chairperson, an equivalent leadership official, or other officials identified in the Recipient's Assistance Agreement within **thirty (30) days** of occurrence.

Source: Sections 3.2, 6.12, 7.8, and 9.9 of the Assistance Agreement



20. Preservation

Preservation refers to the acquisition, refinancing, or recapitalization of existing Multi-family rental or Single-family housing, with or without Rehabilitation, to create, maintain, or extend the affordability of the housing.

Source: Interim Rule (effective June 25, 2024) [§ 1807.104 Definitions](#).

What is meant by “Preservation”:

Preservation means the acquisition, refinancing, or recapitalization of existing Multi-family rental housing or Single-family housing, with or without Rehabilitation, to create, maintain, or extend the affordability requirement as provided in subpart D ([§ 1807.400-403](#)) of the CMF Interim Rule (effective June 25, 2024). Preservation may include the refinancing of owner-occupied Single-family housing or Multi-family rental housing to extend the existing affordability restrictions set to expire, or are at imminent risk of loss, during the Investment Period, or other timeline as defined by the CDFI Fund, by at least an additional 10-year Affordability Period or as set forth in the Assistance Agreement. Preservation may also include the imposition of a new Affordability Period on Housing not currently subject to affordability restrictions. An additional 10-year Affordability Period means that the Project must remain affordable for at least 10 years after Initial Occupancy.

If CMF Award funds are used to preserve properties where no affordability restrictions are in place, new affordability restrictions of at least 10 years pursuant to the requirements of the CMF Affordability Period must be established and recorded on the property. Additionally, federal housing assistance programs that support affordable housing through rent subsidies or other contracts with property owners that are not recorded against the property (e.g., HAP contracts) are eligible as Preservation provided a new 10-year affordability restriction is recorded on the property.

If CMF Award funds are used to preserve properties where affordability restrictions exist, the affordability restrictions must be at imminent risk of loss. Per the CMF Interim Rule (effective June 25, 2024), “imminent” means that the potential loss of existing affordability restrictions would occur during the Investment Period of the applicable Award. For properties where affordability restrictions exist, Recipients must document and keep on file how the potential loss of affordability was determined in order to be eligible for Preservation. The CMF Affordability Period can run concurrently for properties with existing affordability restrictions in place. Projects recapitalized through re-syndication, refinancing, or repurchase are also eligible for Preservation.

For example, if a LIHTC Project is in year 14 of its initial 15-year tax credit compliance period and seeking a qualified contract, the CMF Award could be used to help refinance the building and preserve affordability for at least 10 years. In this case, the 10-year CMF Affordability Period would run concurrently with the LIHTC extended use period of the Project.

Additionally, if a Project is in year 26 of an existing 30-year affordability period, the CMF Award could be used to help refinance the building and preserve affordability for at least 10-years. In this case, the remaining four (4) years under the existing affordability restrictions recorded on the property can run concurrently with the 10-year CMF Affordability Period; however, six (6) additional years would need to



be added at the end of the existing affordability compliance period to satisfy the full CMF 10-year Affordability Period.

See the section of the Manual on [Rehabilitation](#) for additional information on using CMF for Rehabilitation without Preservation.

Projects with existing affordability restrictions which meet or exceed the requirements of the CMF Affordability Period are also eligible for Preservation if these restrictions were recorded no more than thirty-six (36) months prior to the Project Commitment Date of the CMF Award, as set forth in Schedule 1 of the Assistance Agreement.

The Preservation requirements related to the potential loss of existing affordability and the concurrent affordability restrictions apply to all CMF Awards.

Implementation and Reporting

Preservation is subject to [Project-level requirements](#).

For purposes of Preservation, rental property that is occupied may be acquired. In the event a CMF Award is used to finance the acquisition of an occupied property, Recipients must ensure that the property is brought into compliance within 12 months of purchase to ensure all tenants are Eligible-Income. This can be achieved in different ways. For example, some Recipients require that leases for non-eligible tenants not be renewed, and those tenants be replaced with Eligible-Income tenants. In other cases, the proportion of eligible [CMF Units](#) is adjusted, allowing non-eligible residents to remain but adjusting the percentage of CMF Units to be decreased to a lower level and prorating Eligible Project Costs between the CMF Units and non-qualifying units.

The period of affordability must be imposed by deed restrictions, covenants running with the land, or other recording instruments. In certain cases, affordability restrictions imposed under another Federal housing program which meet or exceed the CMF requirement may suffice (see [Presumptive Eligibility Determinations](#) section of this Manual). Deed restrictions must be maintained with Project records.

Recipients must enter the expiration date of the affordability restrictions, the date of rescission of existing restrictions, or the date of the potential loss of existing affordability in the Project Record in AMIS.



21. Presumptive Compliance

Certain rules, requirements, and designations under other Federal housing programs may be deemed Presumptively Compliant in meeting certain CMF requirements and are relevant to all CMF Awards for the purposes of compliance and reporting.

The CDFI Fund makes Presumptive Compliance Determinations (PCD) based on specific provisions under specifically designated Federal Housing programs deemed by the CDFI Fund as meeting certain CMF requirements. PCDs do not extend to the entirety of the other Federal program. PCDs are not intended to override or contradict specific CMF income limits, leverage requirements, or eligible activities as set forth in the CMF Interim Rule (effective June 25, 2024). PCDs are designated by the CDFI Fund for CMF compliance and reporting purposes and may be modified or changed as needed at the discretion of the CDFI Fund. All PCDs currently approved by the CDFI Fund are documented in writing and published in the current version of the CMF Post Award Policy and Compliance Manual (this document).

Source: Interim Rule (effective June 25, 2024) [§ 1807.106 Presumptive Compliance with Other Federal Programs](#). See also former CMF Interim Rule (February 8, 2016) [§ 1807.401\(f\)\(4\)](#)

What is meant by “Presumptive Compliance”:

The concept of “Presumptive Compliance” was introduced with the former CMF Interim Rule (February 8, 2016) and codified in the Interim Rule (effective June 25, 2024). It incorporates the authority for the CDFI Fund to deem compliant certain provisions under other designated Federal housing programs as Presumptively Compliant with the same or similar CMF program provisions. The term “Presumptively Compliant” is defined in [§ 1807.104](#) of the Interim Rule (effective June 25, 2024) and introduced in [§ 1807.401\(f\)\(4\)](#) of the former Interim Rule (February 8, 2016).

Under Presumptive Compliance, if a Recipient has a Project that follows certain requirements under other Federal housing programs as delineated below (e.g., tenant income eligibility), that Project may be determined by the CDFI Fund to meet the respective CMF program requirements.

Table of Presumptive Compliance Determinations

The following table lists all current CMF Presumptive Compliance Determinations (PCDs) approved by the CDFI Fund.

Presumptively Compliant Determinations	Associated Federal Programs	Additional Background
<p>1. Gross Rent The CDFI Fund deems that gross rent as determined under the Low-Income Housing Tax Credit (LIHTC) program is Presumptively Compliant in meeting the Rent Limitations in the corresponding income categories under § 1807.401(a) of the Interim</p>	<p>a. Low Income Housing Tax Credit (LIHTC) program Tax Reform Act of 1986 (P.L.99-514)</p>	<p>This PCD allows the gross rent determination compliant under LIHTC to be compliant under CMF.</p>



Presumptively Compliant Determinations	Associated Federal Programs	Additional Background
<p>Rule (effective June 25, 2024) and the Assistance Agreement.</p>		
<p>2. Tenant Income Eligibility The CDFI Fund deems that a Family residing in a CMF Unit and income-qualified under the Low-Income Housing Tax Credit (LIHTC) program, the HUD Section 8 program, the HOME program, or the Section 515 Rural Rental Housing program, is income-eligible in the corresponding income categories and Presumptively Compliant in meeting the tenant income determination requirements under § 1807.401(f) of the Interim Rule (effective June 25, 2024).</p>	<ul style="list-style-type: none"> a. Low Income Housing Tax Credit (LIHTC) program Tax Reform Act of 1986 (P.L.99-514) b. HUD Section 8 <i>Section 8 of the United States Housing Act of 1937 (42 U.S.C. § 1437f)</i> c. HOME <i>Title II of the Cranston-Gonzalez National Affordable Housing Act, 42 U.S.C. 12721 et seq.</i> d. Section 515 Rural Rental Housing Program <i>Section 515 (42 U.S.C. 1485)</i> 	<p>This PCD deems the following approaches as Presumptively Compliant under the designated Federal programs to the left. This PCD allows income determinations compliant under these Federal programs to be compliant with CMF requirements.</p>
<p>3. Deed Restrictions The CDFI Fund deems that a land use restrictive agreement, restrictive covenant, or similar deed restriction in place under the Low Income Housing Tax Credit (LIHTC) program is Presumptively Compliant in meeting the deed restrictions, covenants running with the land, or other recording instrument requirements under § 1807.401(d) of the Interim Rule (effective June 25, 2024), if the Presumptively Compliant restriction meets or exceeds the CMF period of affordability under that section and meets the CMF-required percentage of rent-restricted units under § 1807.401.</p>	<ul style="list-style-type: none"> a. Low Income Housing Tax Credit (LIHTC) program Tax Reform Act of 1986 (P.L.99-514) 	<p>Under § 1807.401(d) of the Interim Rule (effective June 25, 2024), the affordability restrictions on CMF-financed Multi-family rental properties are to be imposed on those properties through deed restrictions and other recorded instruments. A land use agreement under LIHTC is deemed an acceptable “other recorded instrument.”</p>



Implementation and Reporting

PCDs are subject to [Project-level requirements](#) and the Recipient will report on the other sources of Federal funding in AMIS on the corresponding Project Record.

PCDs are designated for CMF compliance and reporting purposes and are applicable to all CMF Awards. The PCDs currently approved by the CDFI Fund for CMF compliance and reporting purposes are documented in the current version of the CMF Post Award Policy and Compliance Manual (this document).

By electing to use a PCD, a Recipient is attesting that the Project is in full compliance with the other designated Federal program as it relates to the PCD. For this reason, the Recipient is expected to maintain records that substantiate such compliance. For example, if a Project is funded by both CMF and LIHTC, and the Project is relying on the [Tenant Income Eligibility](#) PCD under the LIHTC program, records indicating full compliance with LIHTC must be maintained by the Recipient. Any event of noncompliance under the other Federal program must be reported to the CDFI Fund as a Material Event, using the CDFI Fund's Material Event form and process.

For compliance and reporting purposes, all PCDs are applicable to all CMF Awards. Regarding the PCD for Deed Restrictions for Awards used to support or finance **rental** Affordable Housing subject to the former Interim Rule (February 8, 2016), which covers FY 2016 to FY 2023, a land use restrictive agreement, restrictive covenant, or similar deed restriction in place under the LIHTC program that meets or exceeds the CMF period of affordability and the CMF-required percentage of rent-restricted units under § 1807.401, satisfies the requirement for CDFI Fund approval for other recordable mechanisms.



22. Program Income

Program Income is earned through the repayment of principal, repayment of equity, or interest earned from CMF investments.

Source: *Interim Rule (effective June 25, 2024) § 1807.104 Definitions*

22.1. Program Income: Earning Program Income

Earnings from principal, equity, or interest repayments are Program Income (PI). When earned during the Investment Period, PI must be used as set forth in the Assistance Agreement.

Source: *Interim Rule (effective June 25, 2024) § 1807.303 Authorized uses of Program Income and Sections 3.2 and 3.8 of the Assistance Agreement*

What is meant by “earning Program Income”:

PI is earned when principal, equity, and interest from loans or investments made with CMF Award funds is repaid. PI earned during the five-year Investment Period in the form of principal and equity repayments must be reinvested in eligible Affordable Housing Activities, or if approved, in eligible Economic Development Activities.

PI from principal and equity repayments earned after the Investment Period, and interest earned throughout and after the Investment Period until the end of the Affordability Period, must be reinvested to further the objectives of the mission of the Recipient.

PI from amortizing debt service payments is considered earned. Principal repayments are allowed to accrue up to \$100,000, and any proceeds over \$100,000 must be reinvested pursuant to the terms in the Assistance Agreement. Equity returns are treated the same way. For example, the principal payment on amortizing Homeownership mortgages is allowed to accrue up to \$100,000, and any accrual amount exceeding \$100,00 must be reinvested.

PI from Loan Loss Reserves (LLR), Guarantees, and Lines of Credits (LOC) funded from a CMF Award is earned when the underlying Project is Complete and the LLR, Guarantee, or LOC is released from restriction of the supported Project.

Implementation and Reporting

Given that Program Income is subject to [Award-level requirements](#) but reported at the Project Level, it has [Project-level requirements](#).

PI must be reported in AMIS as it is earned. PI earned is entered on the Project Annual Report as a total (cumulative) amount of CMF Program Income earned from the Project through the last day of the Recipient’s previous fiscal year. Projected Program Income or PI from any other Award should not be included. The \$100,000 threshold is an Award-level requirement; AMIS aggregates the reported amounts of PI in each Project, which displays on the CMF Performance Report page.



22.2. Program Income: Reinvestment Requirements

Program Income must be used by the Recipient as set forth in the applicable Assistance Agreement and is subject to certain reinvestment timelines.

Source: Section 3.8 of the Assistance Agreement

What is meant by “reinvestment requirements”:

The timing of Program Income and the type of Program Income are both important and may have different requirements.

First, the Recipient must determine whether the Program Income from repayment of principal or equity is earned during the Investment Period or after.

Program Income earned from repayment of principal or equity during the Investment Period is subject to reinvestment as specified in Schedule 1 of the Assistance Agreement. If, at the time of application, the Recipient indicated its intent to use *Reinvestment Leverage* and reuse the Award to leverage additional capital to meet its performance goals, the Recipient is subject to Section 3.8(a) of the Assistance Agreement and must follow those requirements. Recipients who did not indicate an intent to use *Reinvestment Leverage* to meet their Performance Goals are subject to Section 3.8(b) of the Assistance Agreement. The applicable section is noted in Schedule 1 of the Recipient’s Assistance Agreement. While the requirements differ, both sections require Recipients to disburse Program Income of \$100,000 or more to eligible CMF activities, which must achieve completion within three years from the Project Commitment or the end of the Investment Period, whichever is later.

Program Income earned from repayment of principal or equity after the Investment Period ends must be used for Recipient mission purposes and reported on through the end of the Affordability Period.

Interest earned is another form of Program Income but is treated differently. Interest earned from the CMF Advance Payment over \$500 must be repaid to the Federal government. The CMF Award is considered an “advance” from the point the Payment is made by the CDFI Fund to the Recipient until the Award is Committed for Use (see [Commitment Process](#) section of this Manual). Interest earned on CMF investments thereafter is not subject to repayment and may be used by the Recipient for CMF Eligible Activities or other mission purposes.

Implementation and Reporting

Program Income is subject to [Award-level requirements](#).

For FY 2016 and FY 2017 Awards, Program Income earned only during the first four years of the Investment Period is subject to reinvestment. For these Award years, the Investment and reinvestment periods have passed, and those Awards are no longer subject to the reinvestment timelines. Program Income earned after the Investment Period but during the Affordability Period must be reinvested for mission purposes.

For other prior CMF Awards (FY 2018 to FY 2023) and those Awards made after June 25, 2024, the above reinvestment timeline and reinvestment requirements specified in the Assistance Agreement apply.



For all CMF Award years Recipients must report on PI investment in Affordable Housing. Recipients will report annually on PI investments in Affordable Housing using the Award-Level Report (ALR) in AMIS, which is part of the required CMF Performance Report.

- Within the ALR, Recipients must report for each fiscal year: 1) the dollar amount of PI invested in Affordable Housing; and 2) the number of Affordable Housing units financed with PI. The units should be reported at project commitment and do not need to have reached completion.
- During the Investment Period, Recipients must enter \$0 and 0 units to complete the Award-Level Report.
- During the Affordability Period, if there is no activity using PI in the reporting year, Recipients must enter \$0 and 0 units to complete the Award-Level Report.



23. Rehabilitation

23.1. Rehabilitation: Definition

Rehabilitation means any repairs and/or capital improvements that contribute to the long-term improvement, current building code compliance, habitability, sustainability, or energy efficiency of Affordable Housing.

Source: Interim Rule (effective June 25, 2024) [§ 1807.104 Definitions](#).

What is meant by “Rehabilitation”:

Rehabilitation involves the repair and/or improvement of existing rental or Homeownership Affordable Housing. Rehabilitation does not include the on-going maintenance of a property. CMF may be used for the Rehabilitation of rental Housing; the Rehabilitation of rental Housing acquired for Affordable Housing; the Purchase of Housing for Homeownership; and/or the Rehabilitation of Single-family housing owned by a qualifying Family.

If CMF Award funds are used to Rehabilitate rental properties where no affordability restrictions are in place, new affordability restrictions for at least 10 years pursuant to the requirements of the CMF Affordability Period must be established and recorded on the property.

If CMF Award funds are used to Rehabilitate rental properties where affordability restrictions exist, Rehabilitation must be necessary for the Housing to remain habitable. For example, if a Project has perpetual or other long-term deed restrictions, the CMF Award can be used to make needed repairs and/or capital improvements to ensure habitability. For properties where affordability restrictions exist, Recipients must document and keep on file how it determined Rehabilitation was necessary to keep the Housing habitable. For all Rehabilitation Projects, the required CMF Affordability Period of at least 10 years can run concurrently with any existing affordability restrictions in place on the Project.

These rental Rehabilitation requirements apply to all CMF Awards.

If CMF Award funds are used to Purchase and Rehabilitate Housing for Homeownership Affordable Housing, the Single-family Housing must become the principal residence of the Homebuyer at the time of Purchase and is subject to the affordability requirements set forth in [§ 1807.402](#) of the Interim Rule (effective June 25, 2024). The estimated after-rehab value of the home may not exceed the CMF Purchase Price Limits.

If CMF Award funds are used to rehabilitate Housing that is currently owned by a qualifying Family, the home must be the principal residence of the Family and remain so for the 10-year Affordability Period or meet the resale, recoupment, and/or replacement provisions of [§ 1807.402\(a\)\(vi\)](#) of the Interim Rule (effective June 25, 2024). The estimated after-rehab value of the home may not exceed the CMF [Purchase Price Limits](#). These Homeownership Rehabilitation requirements established in the Interim Rule (effective June 25, 2024) apply to all FY 2024 and subsequent Awards. Homeownership Programs established under prior Awards are not subject to the new requirements but remain subject to the requirements under the former Interim Rule (February 8, 2016).



Implementation and Reporting

Rehabilitation is subject to [Project-level requirements](#).

For rental Affordable Housing, affordability restrictions of 10 years or more must be ensured by deed restrictions, covenants running with the land, or other recording instruments on the property. The affordability may be imposed or enforced under Federal, State, or local law. In certain cases, affordability restrictions imposed under another Federal housing program which meet or exceed the CMF requirement may suffice (see [Presumptive Compliance Determinations](#) section of this Manual). Deed restrictions must be maintained with Project records.

For Homeownership Affordable Housing, Recipients are subject to the resale, recoupment, and/or replacement resale provisions under [§ 1807.402\(a\)\(vi\)](#) of the Interim Rule (effective June 25, 2024).

23.2. Rehabilitation: After-Rehabilitation Value

What is meant by “After-Rehabilitation Value”:

Recipients may use the CMF Award to Rehabilitate Homeownership Affordable Housing, which will increase its value. As required under [12 CFR § 1807.402\(b\)\(1\)](#), the estimated value of the Single-family Housing, after Rehabilitation, cannot exceed the applicable [Purchase Price Limits](#).

Source: Interim Rule (effective June 25, 2024) [§ 1807.104 Definitions](#).

Implementation and Reporting

After-Rehabilitation value is subject to [Project-level requirements](#). To establish the after-Rehabilitation value, in the event the Housing is not sold to a new owner after Rehabilitation is complete, the CDFI Fund requires that the Recipient prepare either: (1) a real estate appraisal, or (2) a broker’s opinion of value (BOV)/broker’s price opinion (BPO). If ordered in conjunction with the Rehabilitation of CMF Single-family Housing, the appraisal or broker’s opinion costs may be considered Eligible Project Costs. The Recipient must retain the valuation documentation as part of the Project file. If planning to use an alternative method for establishing the after-Rehabilitation value of Single-family Housing, the Recipient should contact the CDFI Fund for approval.



24. Rental Affordable Housing: Tenant Income Determination

Rental Affordable Housing financed with the CMF Award is Housing that is leased to a qualified Family, is permanent in nature, and meets the requirements of a [CMF Unit](#).

At the time of initial lease and occupancy, the income of the tenant must be determined to ascertain eligibility. During the Affordability Period, the income of the tenant must be recertified.

Source: Interim Rule (effective June 25, 2024) [§ 1807.401\(f\) Affordable Housing-Rental Housing](#).

What is meant by “tenant income determination”:

Recipients of CMF Awards must require the Project owner of each rental Project financed with CMF to collect information on the income of Project tenants. The tenant income includes income from all Family members.

Source: Interim Rule (effective June 25, 2024) [§ 1807.104 Definitions](#).

Implementation and Reporting

Initial and annual income determinations, as applicable, are subject to [Project-level requirements](#) and must be reported in the Project Record in AMIS for each CMF Unit.

Tenant income must be determined at the time of initial lease and occupancy, and subsequently, be determined annually. However, there are two exceptions to annual certification: 1) Projects where 100 percent of the units are subject to CMF rent limitations; and/or 2) rent-restricted units where the rent and income restrictions are tied to a specific unit with a fixed address.

There are three acceptable methods to determine tenant income: 1) Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes; or 2) annual income as defined in [24 CFR § 5.609](#); or 3) the Presumptive Compliance Determination related to Tenant Income Eligibility (see [Presumptive Compliance](#) section of this Manual).

The exceptions to annual certification and reliance on the Presumptive Compliance Determination are applicable to FY 2024 and subsequent Awards. For prior Awards (FY 2016 to FY 2023), the Presumptive Compliance Determination is applicable to income determination, but there are no exceptions to the annual certification requirements.



25. Secondary Market Mortgages

25.1. Secondary Market Mortgage: Purchase of Mortgages

Secondary Market Mortgage Purchase means the purchase of a mortgage originated by a qualified third-party lender.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.104 Definitions](#)

What is meant by a “Secondary Market Mortgage Purchase”:

CMF Award funds may be used to purchase a qualified Secondary Market Mortgage that meets the CMF requirements in Subparts C, D and E of the applicable version of the Interim Rule. There are, however, requirements that such mortgages must meet. To qualify, the mortgage: 1) must have been originated by a qualified third-party lender and purchased by the Recipient within 12 months from the date of origination; 2) the purchase must be evidenced by an agreement that specifies the CMF requirements in Subparts [C](#), [D](#), and [E](#) of the applicable version of the Interim Rule as being met; 3) CMF Award funds may be used for the purchase of the mortgage, but may not have been used as a source for the origination of the mortgage; and 4) the mortgage would not have been originated but for the Recipient’s agreement to purchase the mortgage.

The intent of these restrictions on Secondary Market Mortgage Purchases is to encourage arrangements between secondary lenders and Recipients where the promise to purchase the loans reduces the risk to originating lenders and encourages them to make loans serving a lower income population and ensuring 10 years of affordability.

Implementation and Reporting

Secondary Market Mortgage Purchase is subject to [Project-level requirements](#). When CMF Award funds are used to purchase Secondary Market Mortgages, the Recipient is expected to hold the loans in portfolio, manage compliance with CMF requirements, and not resell the loans during the CMF Affordability Period. In AMIS, when the financing type “Secondary Market Mortgage Purchases” is checked on the Project Record, the Recipient must enter the applicable dollar amount in the field labeled “Secondary Market Activity Amount.”

25.2. Secondary Market Mortgage: Qualified Lender

What is meant by a “Secondary Market Mortgage Qualified Lender”:

The revised Interim Rule (effective June 25, 2024) allows for secondary market mortgage activity [§ 1807.104](#) originated by qualified lenders who meet the following criteria.

A qualified lender means a mortgage lending institution or investing mortgagee that is approved by FHA, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), or a Certified CDFI.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.104 Definitions](#)



Implementation and Reporting

Secondary Market Mortgages are subject to [Project-level requirements](#). Only Secondary Market Mortgages originated by a qualified third-party lender may be purchased using CMF Award funds. Such Secondary Market Mortgages must be for Housing and income qualified Families that meet the requirements set forth in the applicable version of the Interim Rule. The Recipient using CMF Award funds to purchase Secondary Market Mortgages is responsible for ensuring compliance with all CMF requirements during the full Affordability Period.

25.3. Secondary Market Mortgage: Sale of Mortgages

CMF Award Recipients may sell mortgages sourced with CMF Award funds on the secondary market.

What is meant by a “sale of mortgage”:

Mortgage loans originated by a CMF Award Recipient may be sold to investors – specifically, government-sponsored enterprises (GSEs) and certified CDFIs with experience in secondary market purchases.

Implementation and Reporting

Secondary Market Mortgages are subject to [Project-level requirements](#). Since the Recipient is obligated to ensure that the mortgages sold continue to maintain their affordability and other CMF requirements for the duration of the Affordability Period, they are cautioned to sell loans only to investors where the CMF requirements will be maintained, and the Recipient will receive proper notification of any change.

Proceeds from the sale of mortgages financed with CMF Award funds are Program Income and subject to the Program Income requirements under the applicable Assistance Agreement.



26. Service Areas

What is meant by “Service Area”:

Service Area means the geographic area approved by the CDFI Fund in which the Recipient must use the CMF Award as set forth in its Assistance Agreement.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.104 Definitions](#)

Implementation and Reporting

Service Areas are an [Award-level requirement](#).

For FY 2021 and subsequent Awards, Recipients must use no less than 85% of its CMF Award for Projects that finance or support Affordable Housing Activities and/or Economic Development Activities in its Service Area.

Up to 15% of the CMF Award can be used for the following:

- 1) Direct Administrative Expenses (up to 5% of the CMF Award),
- 2) (For FY 2024 and subsequent Awards) Feasibility Determination Expenses (up to 5% of the CMF Award), and/or
- 3) (For FY 2021 and subsequent Awards) To finance or support Affordable Housing and/or Economic Development Projects outside its Service Area.

In addition, Program Income may be disbursed to finance or support Affordable Housing and/or Economic Development Projects anywhere in the United States or its territories.

For FY 2016 to FY 2020 Recipients, per Section 3.2(f) in the Assistance Agreement, Recipients must use their CMF Award and Program Income in their approved Service Area.



27. Single Purpose Entity

An approved Single Purpose Entity (SPE) is a Subsidiary entity established by a Recipient to facilitate using the CMF Award for [Eligible Uses](#). The SPE must be approved in advance by the CDFI Fund.

Source: Section 3.5 of the Assistance Agreement

What is meant by a “Single Purpose Entity”:

CMF Awards may not be passed through, transferred, or co-awarded to third-party entities, whether Affiliates, Subsidiaries, or others, unless done pursuant to a merger or acquisition or similar transaction, and with the CDFI Fund’s prior written consent. The responsibilities and obligations of a Recipient under the Assistance Agreement must remain the sole responsibility of the Recipient.

In limited cases, and with the express and advance approval of the CDFI Fund, Recipients may create an approved Single Purpose Entity (SPE) to facilitate using the CMF Award for Eligible Uses. To avoid creating a subrecipient relationship, Recipients must seek the CDFI Fund’s pre-approval before establishing an SPE.

In order to receive pre-approval from the CDFI Fund, an SPE must meet certain conditions. An SPE must meet the CMF definition of a Subsidiary (any company that is majority owned, or Controlled directly, or indirectly, by another company) and be created to solely act as an Affordable Housing Fund, a Revolving Loan Fund, or Economic Development Activities Fund. The SPE must be capitalized by a CMF Award and Leveraged Capital, the total of which must be used solely for Eligible Project Costs (EPCs) related to CMF Projects.

Implementation and Reporting

All provisions, requirements, and obligations of the CMF Award and Assistance Agreement remain with the Recipient and equally apply to the Approved SPE. Creating an SPE does not relieve the Recipient of its obligations under the CMF Interim Rule or its Assistance Agreement.

The SPE and the Recipient must enter into an Agreement which clearly states that all provisions, requirements, and obligations of the Assistance Agreement remain with the Recipient and equally apply to the SPE, including compliance with all Federal statutes and regulations referenced in the Assistance Agreement.

The requirements for SPEs are [Award-level requirements](#).



28. Student Occupants

Students are individuals who attend school full-time. Students may occupy CMF-financed Housing; however, the revised Interim Rule (effective June 25, 2024) added the requirement that all the occupants of the CMF Unit may not be full-time students, with some exceptions.

Source: Interim Rule (effective June 25, 2024) [§ 1807.400 \(c\) Affordable Housing - General](#).

What is meant by “Student Occupants”:

Students who attend school full-time may be part of a Family or household occupying a CMF Unit; however, all occupants who make up the Family or household may not be students. CMF does not define “full-time students”; however, Recipients may look to LIHTC (IRC Section 42) or IRC Section 151(c)(4) and IRS Publication 17 for guidance. [§ 1807.302](#) of the revised CMF Interim Rule (effective June 25, 2024) prohibits the use of CMF for dormitories and under [§ 1807.400\(c\)](#), all the occupants of CMF Affordable Housing must not be full-time students unless they meet certain exemptions, which are:

- 1) Married students who file a joint tax return;
- 2) Students who receive assistance under Title IV of the Social Security Act;
- 3) Students enrolled in a job training program;
- 4) Students who are single parents with children who are their dependents, as defined in IRC § 152;
- 5) Students who previously were part of a foster care program; or
- 6) Who meet other criteria specified by the CDFI Fund.

Implementation and Reporting

The student restrictions are a [Project-level requirement](#).

In the case of Awards made after June 25, 2024 (FY 2024 and subsequent Awards), the Recipient must ensure that the Housing is not 100% occupied by full-time student tenants unless the students qualify under an exception. For Awards made prior to June 25, 2024 (FY 2016 to FY 2023), Recipients do not need to ensure that the Housing is not 100% occupied by full-time student tenants.



29. Unit

29.1. Unit: CMF Unit

A CMF Unit is a single unit of residential housing financed or supported with a CMF Award and meeting certain standards as set forth in the revised Interim Rule (effective June 25, 2024).

Source: [Interim Rule \(effective June 25, 2024\) § 1807.104 Definitions](#)

What is meant by a “CMF Unit”:

A CMF Unit is a single residential unit of Housing, financed or supported with a CMF Award, that is rented or owned by a Family and with dedicated kitchen and bath facilities that meet the requirements of 12 CFR 1807, Subparts [D](#) and [E](#). There are certain situations where units within shared facilities are permitted. These include a single-room occupancy (SRO) unit, units or rooms in a group home, or units that are part of an assisted living facility with shared common kitchen and bath facilities. They would qualify as a CMF Unit as long as there is an individual lease for each tenant that meets the requirements of 12 CFR 1807, Subparts [D](#) and [E](#).

The Recipient must ensure that one hundred percent (100%) of total Eligible Project Costs attributable to Affordable Housing are for CMF Units leased or owned by Eligible-Income Families. See the subsection above on [Eligible Project Costs: Prorating Eligible Project Costs](#) for information on how to account for CMF Units and Eligible Project Costs in Projects that have investments from more than one CMF Award.

Implementation and Reporting

By the end of the Investment Period, the Recipient must have used its CMF Award for Affordable Housing Activities resulting in CMF Units that meet its Performance Goals outlined in Schedule 1 of the Assistance Agreement.

Several Performance Goals are measured in terms of CMF Units. These include 1) production target; 2) portfolio-level and project-level targeted income Performance Goals; and 3) geographic and Low-Income Performance Goals. CMF Units are related to [Project-level requirements](#).

29.2. Unit: Scattered Site Units

Scattered site units consist of one or more buildings or structures on sites that are developed and financed together under the same ownership and are considered one Project.

Source: Section 5.2 of the Assistance Agreement

What is meant by “scattered site units”:

Scattered site units are units developed on separate legal lots as one Project under a single ownership entity, developed within the same time frame, and financed under a common financing plan. The lots may be non-contiguous. They may be rental Affordable Housing units or homes developed and sold for Homeownership Affordable Housing. Affordability Period restrictions must be imposed for each scattered site by deed restrictions, covenants running with the land, or other recordable mechanisms.



Implementation and Reporting

Scattered site units are related to [Project-level requirements](#).

For rental, scattered site units and the related Eligible Project Costs can be “counted” as one Project. Within the CMF Performance Report, there are three record types that must be created for each rental Project – a Project record, a Project Location record, and a CMF Project Annual Report record. Project Location records accommodate reporting the address of a single location and multiple locations for scattered site rental Projects.

For Homeownership, since Project Location records do not exist, scattered site units must be entered as separate Projects in AMIS due to the Project-level Homeownership requirements.

29.3. Unit: Manager’s Unit

A manager’s unit is a residential rental unit set-aside for a live-in manager.

What is meant by a “manager’s unit”:

Large rental properties often have a unit set-aside for the property manager. The on-site manager receives free or reduced priced housing in return for 24/7 presence on the property. CMF allows an on-site manager unit as a service benefiting the residents.

Implementation and Reporting

Manager’s units are related to [Project-level requirements](#). In the case of units used by a property manager, the manager must be full-time and dedicated to the property. The cost of the management unit may be counted as EPCs in a 100% affordable building. However, if the property is mixed-income or mixed-use, the cost of the manager unit must be prorated, similar to the costs of other shared building amenities.

29.4. Unit: Eligible Rental CMF Unit Occupancy

What is meant by “eligible rental CMF Unit occupancy”:

All Recipients must adhere to rental affordability and occupancy requirements, including income targeting and rent limitations, for each year a Project’s Affordability Period is in effect.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.104 Definitions](#)

Implementation and Reporting

Rental CMF Unit calculations are related to [Project-level requirements](#).

When reporting annual occupancy of the rental Affordable Housing, the Recipient must report both (1) the annual income of the Family and (2) the classification of the rental CMF Unit occupied by the Family. Family income and rental CMF Unit classification will generally be consistent. However, the income category of the unit depends on its income-level restriction and the rent being charged. For example, a



lower-income family may rent a unit designated for a higher-income category when no lower-income category units are available, but that unit keeps its rental unit classification.

Recipients must ensure that if a CMF Unit at a lower-income level becomes available, the Family living in the higher-income unit must be offered the unit at the lower-income level. Alternatively, the higher-income CMF Unit could be converted to a lower-income CMF Unit. If a Recipient does this, the Project's rental classification of its CMF Units should be updated in the Recipient's next Annual Report.



II. Acronym List

AMI:	Area Median Income
AMIS:	Awards Management Information System
CDFI:	Community Development Financial Institution
CMF:	Capital Magnet Fund
DAE:	Direct Administrative Expense
EDA:	Economic Development Activities
EPC:	Eligible Project Costs
FAQs:	Frequently Asked Questions
FDE:	Feasibility Determination Expense
FHA:	Federal Housing Administration
HUD:	U.S. Department of Housing and Community Development
LIHTC:	Low Income Housing Tax Credit Program
LLR:	Loan Loss Reserve
LOC:	Line of Credit
Manual:	CMF Post Award Policy and Compliance Manual
PI:	Program Income
PCD:	Presumptive Compliance Determination
UAR:	Uniform Administrative Requirements



III. Glossary

Capital Magnet Fund (CMF) Post Award Policy and Compliance Manual

Glossary

The following terms and definitions are provided for convenience and are based on the CMF Interim Rule (effective June 25, 2024) and the corresponding assistance agreements for Awards made after June 25, 2024. Definitions for Awards from FY 2016 to FY 2023 may differ. Recipients of FY 2016 to FY 2023 Awards are advised to refer to the definitions in the corresponding Assistance Agreement and former Interim Rule (February 8, 2016).

Term	Definition
Acquisition Financing	Acquisition Financing refers to any financing activities associated with obtaining control of the real estate site.
Act	Act, as defined in 12 CFR 1807.104, means the Housing and Economic Recovery Act of 2008, as amended, Public Law 110-289, Section 1131.
Affiliate	Affiliate, as defined in 12 CFR 1807.104, means any entity that Controls, is Controlled by, or is under common control with, an entity.
Affordability Period	For each Project, the period beginning on the date when the Project achieves Initial Occupancy and consisting of the full ten (10) consecutive years thereafter, during which period the Recipient must ensure the affordability requirements, as set forth in the CMF Regulations and in the Assistance Agreement, are met, or such other period as may be established in writing by the CDFI Fund.
Affordable Housing	Affordable Housing, as defined in 12 CFR 1807.104, means housing that meets the requirements set forth in 12 CFR 1807, Subpart D.
Affordable Housing Activities	Affordable Housing Activities, as defined in 12 CFR 1807.104, means the Development, Preservation, Rehabilitation, and/or Purchase of Affordable Housing or Secondary Market Mortgage Purchase.
Affordable Housing Developer/Manager	A Nonprofit Organization whose primary mission is the construction, development, redevelopment, preservation, or management of affordable housing. The Affordable Housing Developer/Manager may own the housing that is developed; may own it in part, such as a limited partnership; may sell the homeownership housing it develops once completed; or may sell but continue to manage the housing if rental housing.
Affordable Housing Fund	Affordable Housing Fund, as defined in 12 CFR 1807.104, means an investment fund consisting of the CMF Award and Leveraged Capital that the Recipient: <ol style="list-style-type: none"> 1) Manages and makes investment decisions for; and 2) Uses to finance Affordable Housing Activities in any combination of debt,



Term	Definition
	grant, or equity investments, which does not include the purchase of stock, securities, or the buy-out of partnership interests.
Announcement Date	The date on which the CDFI Fund announces the Recipients of CMF Awards under the applicable Notice of Funds Availability (NOFA), as indicated on the signature page of the Assistance Agreement.
Applicant	Applicant, as defined in 12 CFR 1807.104, means any entity submitting an application for a CMF Award.
Application	Application means the CDFI Fund’s Capital Magnet Fund application form, including any written or verbal information in connection therewith and any exhibits, attachments, appendices, and/or written or verbal supplements thereto, submitted by the Applicant to the CDFI Fund, in response to the applicable NOFA.
Appropriate Federal Banking Agency	Appropriate Federal Banking Agency, as defined in 12 CFR 1807.104, has the same meaning as in section 3 of the Federal Deposit Insurance Act, 12 U.S.C. 1813(q), and includes, with respect to Insured Credit Unions, the National Credit Union Administration.
Appropriate State Agency	Appropriate State Agency, as defined in 12 CFR 1807.104, means an agency or instrumentality of a State that regulates and/or insures the member accounts of a State-insured credit union.
Areas of Economic Distress	<p>Areas of Economic Distress are defined in each CMF Notice of Funds Availability (NOFA). The most recent definition of Areas of Economic Distress is census tracts identified by the CDFI Fund: (a) where at least 20 percent of households that are 50% of AMI or below spend more than half of their income on housing; or (b) that are Low-Income Housing Tax Credit Qualified Census Tracts; or (c) where greater than 20 percent of households have incomes below the poverty rate and the rental vacancy rate is at least 10 percent; or (d) 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 (e) are Underserved Rural Areas as defined in the CMF Regulations.</p> <p>The CDFI Fund publishes a dataset on its website for each funding round indicating which census tracts are designated as Areas of Economic Distress.</p>
Assistance Agreement	Assistance Agreement, as defined in 12 CFR 1807.104, means a formal, written agreement between the CDFI Fund and a Recipient that specifies the terms and conditions of assistance under 12 CFR Part 1807.
Authorized Representative	An Authorized Representative is an employee or an officer that has the authority to legally bind and make representations on behalf of the Applicant; consultants working on behalf of the Applicant cannot be designated as Authorized Representatives. Authorized Representatives for an organization should be designated as Authorized Representatives in AMIS.



Term	Definition
Bridge Loans	A short-term interim loan that is available for use until permanent financing is secured or an existing financial obligation is removed. Such loans “bridge” the interim period until permanent financing is put in place.
Capital Magnet Fund (CMF)	Capital Magnet Fund (or CMF), as defined in 12 CFR 1807.104, means the program authorized by the Act and implemented under 12 CFR Part 1807.
Capital Magnet Fund (CMF) Regulations	Capital Magnet Fund Regulations means the regulations set forth in the Capital Magnet Fund Interim Rule (effective June 25, 2024) and the Capital Magnet Fund Interim Rule (2016), as applicable. 12 CFR Part 1807.
Certified Community Development Financial Institution (or Certified CDFI)	Certified Community Development Financial Institution (or certified CDFI), as defined in 12 CFR 1807.104, means an entity that has been determined by the CDFI Fund to meet the certification requirements set forth in 12 CFR 1805.201.
CMF Award	CMF Award, as defined in 12 CFR 1807.104, means the financial assistance in the form of a grant made by the CDFI Fund to a Recipient pursuant to 12 CFR Part 1807.
CMF Unit	CMF Unit means (1) a single residential unit of Housing financed or supported with a CMF Award, rented or owned by a Family, with dedicated kitchen and bath facilities that meet the requirements of subparts D and E of 12 CFR Part 1807, as applicable; or (2) a single-room occupancy (SRO) unit, a group home, or an assisted living facility with shared common kitchen and bath facilities accompanied by an individual lease for each tenant the meets the requirements of subparts D and E of 12 CFR Part 1807.
Committed for Use	Committed for Use, as defined in 12 CFR 1807.104, means that the Recipient is able to demonstrate, in written form and substance that is acceptable to the CDFI Fund, a commitment for Eligible Use of CMF Award, as set forth in 12 CFR 1807.501.
Community Development Financial Institutions Fund (or CDFI Fund)	Community Development Financial Institutions Fund (or CDFI Fund), as defined in 12 CFR 1807.104, means the Community Development Financial Institutions Fund, the U.S. Department of the Treasury, established pursuant to the Community Development Banking and Financial Institutions Act of 1994, as amended, 12 U.S.C. 4701 et seq.
Community Service Facility	Community Service Facility, as defined in 12 CFR 1807.104, means the physical structure in which service programs directly benefit nearby residents of any affordable housing. These service programs serve residents of affordable housing and include, but are not limited to, health care, childcare, educational programs including literacy and after school programs, job training, food and nutrition services, arts, and/or social services, as set forth in the Assistance Agreement.
Concerted Strategy	Concerted Strategy, as defined in 12 CFR 1807.104, means a formal planning document that evidences the connection between Affordable Housing Activities and Economic Development Activities. 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.



Term	Definition
Construction Financing	Refers to financing of construction period costs associated with a Project's Development, Rehabilitation, and Preservation.
Consortium	A Consortium is comprised of a group of at least two, and no more than five, eligible, and unaffiliated CDFIs or nonprofit affordable housing developers/managers, applying for a CMF Award under an applicable NOFA. The purpose of the Consortium must be to finance and support Affordable Housing, and Economic Development Activities, if applicable.
Consortium Approach	The Consortium Approach is the manner in which members of a Consortium apply for a CMF Award under an applicable NOFA, wherein member Applications are evaluated both individually and as a Consortium.
Control	Control, as defined in 12 CFR 1807.104, means: (1) Ownership, control, or power to vote 25 percent or more of the outstanding shares of any class of Voting Securities of any company, directly or indirectly or acting through one or more other persons; (2) Control in any manner over the election of a majority of the directors, trustees, or general partners (or individuals exercising similar functions) of any company; or (3) The power to exercise, directly or indirectly, a controlling influence over the management, credit or investment decisions, or policies of any company.
Depository Institution Holding Company	Depository Institution Holding Company, as defined in 12 CFR 1807.104, means a bank holding company or a savings and loan holding company as each are defined in the Federal Deposit Insurance Act, 12 U.S.C. 1813(w).
Development	Development, as defined in 12 CFR 1807.104, means any combination of the following Project activities: land acquisition, demolition of existing facilities, and construction of new facilities, which may include site improvement, utilities development and rehabilitation of utilities, necessary infrastructure, utility services, conversion, and other related activities resulting in Affordable Housing.
Direct Administrative Expenses	Direct Administrative Expenses, as described in 2 CFR 200.413 of the Uniform Administrative Requirements, means direct costs incurred by the Recipient, related to the financing and/or in support of the Projects.
Economic Development Activity	Economic Development Activity, as defined in 12 CFR 1807.104, means the development, preservation, acquisition and/or rehabilitation of Community Service Facilities and/or other physical structures in which businesses operate in order to implement a Concerted Strategy to stabilize, sustain, or revitalize communities and neighborhoods physically proximate to any affordable housing benefiting a Low-Income Area or Underserved Rural Area.
Economic Development Activity Fund	Economic Development Activity Fund, as defined in 12 CFR 1807.104, means an investment fund consisting of the CMF Award and any Leveraged Capital that the Recipient: (1) manages and makes investment decisions for; and (2) uses to finance Economic Development Activities in any combination



Term	Definition
	of debt, grant, or equity, which does not include the purchase of stock, securities, or the buy-out of partnership interests.
Effective Date	Effective Date, as defined in 12 CFR 1807.104, means the date that the Assistance Agreement is effective; such date is determined by the CDFI Fund after the Recipient has returned an executed, original Assistance Agreement, along with all required supporting documentation, including the opinion of counsel, if required.
Eligible Activities	Eligible Activities include: (i) Homeownership, (ii) Rental Housing, (iii) Economic Development Activities, (iv) Direct Administrative Expenses, and/or (v) Feasibility Determination Expenses. A CMF Award must support or finance activities that attract private capital for and increase investment in: (i) Development, Preservation, Rehabilitation, or Purchase of Affordable Housing for primarily Low-, Very Low-, and Extremely Low-Income Families; and (ii) Economic Development Activities.
Eligible-Income	Eligible-Income, as defined in 12 CFR 1807.104, means: having, in the case of owner-occupied or rental Housing units, annual income at 120 percent or below of the area median income, adjusted for Family size, in the same manner as HUD makes these adjustments for its other published income limits.
Eligible Uses	Per § 1807.301 of the Interim Rule (effective June 25, 2024), Recipients must use the CMF Award to finance and support Affordable Housing Activities and/or Economic Development Activities through the following Eligible Uses: (i) to provide Loan Loss Reserves; (ii) to capitalize a Revolving Loan Fund; (iii) to capitalize an Affordable Housing Fund; (iv) to capitalize a fund to support Economic Development Activities; (v) for Risk-Sharing Loans; or (vi) to provide Loan Guarantees.
Eligible Project Costs	Eligible Project Costs, as defined in 12 CFR 1807.104, means all eligible development, financing, refinancing, acquisition, relocation, loan loss reserve, guarantee, predevelopment, and related soft costs incurred in achievement of Project Completion, as described in the Assistance Agreement, paid using a CMF Award and any Leveraged Capital.
Enterprise-Level Capital	Enterprise-Level Capital means capital earned, borrowed, or raised by the Recipient or its Affiliates which is designated for the Recipient’s use and ultimately used to pay for Eligible Project Costs, but is not initially restricted for use for specific properties at the time it is earned, borrowed, or raised.
Entity Approach	The Entity Approach is the manner in which the Applicant will be using the CMF Award. There are two types of Entity Approaches: (a) financing entities and (b) affordable housing developers/managers. Each Applicant will be required to specify which type of Entity Approach it will be using as part of the Application.



Term	Definition
Extremely Low-Income	Extremely Low-Income, as defined in 12 CFR 1807.104, means in the case of owner-occupied or rental Housing units, having income at 30 percent or below of the area median income, adjusted for Family size, as determined by HUD, except that HUD may establish income ceilings higher or lower than 30 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low incomes.
Expanded CMF High Opportunity Area (HOA) Criteria	The CMF Program will accept an expanded definition of High Opportunity Area for areas that do not meet the Federal Housing Finance Agency definition, but instead meet a set of Expanded CMF HOA Criteria demonstrating the designated area(s) provide access to a combination of at least three of the following four criteria: (1) high-quality youth (K-12) education opportunities; (2) employment opportunities; (3) transportation opportunities; and/or (4) financial service opportunities. For a Project to qualify as being in a High Opportunity Area under the Expanded CMF HOA Criteria definition, the location of the Project must meet at least three of the four Expanded CMF HOA Criteria, and cannot be located in a area identified as “Low-Income, Low-Access (LILA)” by the U.S. Department of Agriculture (USDA) in its Food Access Research Atlas at https://www.ers.usda.gov/data-products/food-access-research-atlas/go-to-the-atlas .
Family or Families	Family or Families, as defined in 12 CFR 1807.104, means households of one or more persons living in the same dwelling unit. All persons in a household who are related by birth, marriage, or adoption are regarded as members of the Family. A Family may also include individuals living in a household who are not related to each other. Families must reside within the boundaries of the United States (which shall encompass any State or territory of the United States and the District of Columbia).
Feasibility Determination Expenses	Feasibility Determination Expenses, as defined in 12 CFR 1807.104, mean direct costs, as defined by the Uniform Administrative Requirements, and incurred by the Recipient to determine the feasibility of potential Affordable Housing Activities and/or Economic Development Activities to implement the CMF Award. These costs must be incurred before Project Commitments and cannot be deemed as Eligible Project Costs.
Financing Entity	An entity whose predominant business activity is the provision of arm’s length transactions and services to independent, unrelated parties, each acting in its own best interest. Such transactions support and promote affordable housing and/or community development through the provision of financial products that serve low-income communities, individuals or families with low incomes, or underserved markets or communities.
High Opportunity Area (HOA)	For FY 2023 and subsequent Awards, there are two HOA definitions: (A) Standard HOA criteria and (B) Expanded CMF HOA Criteria. The two criteria are defined in this Glossary.



Term	Definition
HOME Program	The HOME Program, as defined in 12 CFR 1807.104, means the HOME Investment Partnership Program established by the HOME Investment Partnerships Act under Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended, 42 U.S.C. 12701 et seq.
Homebuyer	Homebuyer, as defined in 12 CFR 1807.104, means a Family that does not currently own any Single-family housing or is in the process of selling and replacing their primary residence. A Homebuyer may not own any other Single-family housing or Multi-family housing. (A Homebuyer includes a Family that owns a manufactured housing unit and is in the process of replacing or refinancing it or owns a manufactured housing unit as part of the conversion of a manufactured housing park to a tenant-owned park or cooperative.)
Homeownership	<p>Homeownership, as defined in 12 CFR 1807.104, means ownership interest in a home in fee simple or by condominium, cooperative, mutual housing, or ground lease title interest in one- to four-unit Single-family housing or ownership of a manufactured housing unit. The ownership interest is subject to the following additional requirements:</p> <p>(1) Ownership interest may not merely consist of a right to possession under a contract for deed, installment contract, or land contract (pursuant to which the deed is not given until the final payment is made); and</p> <p>(2) Ownership interest is subject to the restrictions on affordability permitted under the Assistance Agreement; mortgages, deeds of trust, or other liens or instruments securing debt on the property; or any other restrictions or encumbrances that do not impair the good and marketable nature of title to the ownership interest.</p>
Homeownership Program	Homeownership Program, as defined in 12 CFR 1807.104, means an affordable housing program established by a Recipient for the purpose of providing direct financing or grants to Homebuyers to purchase Single-family housing.
Housing	Housing, as defined in 12 CFR 1807.104, means Single-family and Multi-family residential units including, but not limited to, manufactured housing and manufactured housing lots, permanent supportive housing, single-room occupancy (SRO) housing, assisted living, and group homes that are permanent in nature and not temporary, short term, transitional, or a dormitory.
Housing and Urban Development (HUD)	HUD, as defined in 12 CFR 1807.104, means the Department of Housing and Urban Development established under the Department of Housing and Urban Development Act of 1965, 42 U.S.C. 3532 et seq.
Indian Tribe	Indian Tribe, as defined in 12 CFR 1807.104, means any Indian Tribe, band, pueblo, nation, or other organized group or community, including any Alaska Native village or regional or village corporation, as defined in or established pursuant to the Alaska Native Claims Settlement Act (43 USC 1601 et seq.).



Term	Definition
	Each such Indian Tribe must be recognized as eligible for special programs and services provided by the United States to Indians because of their status as Indians.
Initial Occupancy	(a) For rental Affordable Housing, after the Project is Complete and Placed into Service and i) when at least ninety percent (90%) of all CMF Award financed and/or supported units within the property are occupied or ii) 12 months after the Project Completion date; (b) For Homeownership Affordable Housing, upon the occurrence of the transfer of equitable title to the homeowner; and (c) For owner-occupied Rehabilitation of Homeownership Affordable Housing only, at Project Completion pursuant to 12 CFR 1807.503.
Initial Payment	The first Payment from the CDFI Fund to the Recipient at Closing on the Assistance Agreement, in the case where a Recipient exercises its option to receive the CMF Award in two Payments. See related definitions of Subsequent Payment and Lump Sum Payment in this Glossary.
Insider	Any director, officer, employee, principal shareholder (owning, individually or in combination with family members, five percent (5%) or more of any class of stock), or agent (or any family member or business partner of any of the above) of the Recipient or of any Affiliate or Community Partner (as defined in 12 U.S.C. 4702(6)) of the Recipient.
Insured CDFI	Insured CDFI, as defined in 12 CFR 1807.104, means a Certified CDFI that is an Insured Depository Institution or an Insured Credit Union.
Insured Credit Union	Insured Credit Union, as defined in 12 CFR 1807.104, means any credit union, the member accounts of which are insured by the National Credit Union Share Insurance Fund by the National Credit Union Administration pursuant to authority granted in 12 U.S.C. 1783 et seq.
Insured Depository Institution	Insured Depository Institution, as defined in 12 CFR 1807.104, means any bank or thrift, the deposits of which are insured by the Federal Deposit Insurance Corporation as determined in 12 U.S.C. 1813(c)(2).
Investment Period	Investment Period, as defined in 12 CFR 1807.104, means the period beginning with the Effective Date and ending on the fifth year anniversary of the Effective Date, or such other period as may be established by the CDFI Fund in the Assistance Agreement.
Leveraged Capital	Leveraged Capital, as defined in 12 CFR 1807.104, means capital for Affordable Housing Activities and Economic Development Activities that exceed the dollar amount of the CMF Award, as further described in 12 CFR 1807.500.
LIHTC Program	LIHTC Program means the Low Income Housing Tax Credit Program as authorized under Section 42 of the Internal Revenue Code of 1986, as amended.
Loan Guarantee	Loan Guarantee, as defined in 12 CFR 1807.104, means the Recipient’s use of the CMF Award to support an agreement to indemnify the holder of a loan for all or a portion of the unpaid principal balance in case of default by



Term	Definition
	the borrower. The proceeds of the loan that is guaranteed with the CMF award must be used for Affordable Housing Activities and/or Economic Development Activities.
Loan Loss Reserves	Loan Loss Reserves, as defined in 12 CFR 1807.104, means proceeds from the CMF Award that the Recipient will set aside in the form of cash reserves, or through accounting-based accrual reserves, to cover losses on loans, accounts, and notes receivable for Affordable Housing Activities and/or Economic Development Activities, or for related purposes that the CDFI Fund deems appropriate.
Low-Income	Low-Income, as defined in 12 CFR 1807.104, means in the case of owner-occupied or rental Housing units, having income at 80 percent or below of the area median income, adjusted for Family size, as determined by HUD, except that HUD may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low Family incomes.
Low-Income Area (or LIA)	Low-Income Area (or LIA), as defined in 12 CFR 1807.104, means a census tract in which the median family income does not exceed 80 percent of the area median income. With respect to a census tract 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 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.
Low Income Housing Tax Credits (or LIHTC)	Low Income Housing Tax Credits (or LIHTC), as defined in 12 CFR 1807.104, means credits against income tax under section 42 of the Internal Revenue Code of 1986, as amended, 26 U.S.C. 42.
Lump Sum Payment	One single Payment, subject to the terms and conditions of the Assistance Agreement, which comprises the entire CMF Award. See related definitions of Subsequent Payment and Initial Payment in this Glossary.
Management Letter	The Management Letter is prepared by the Applicant’s auditor and provides communication on internal control over financial reporting, compliance, and other matters. It may include suggestions for improving identified weaknesses and deficiencies and/or best practice suggestions for items that may not be considered to be weaknesses or deficiencies. The Management Letter may also include items that are not required to be disclosed in the annual audited financial statements. The Management Letter is distinct from the auditor’s Opinion Letter, which is required by Generally Accepted Accounting Principles (GAAP). Management Letters are not required by GAAP and are sometimes provided by the auditor as a separate letter from the audit itself.



Term	Definition
Material Weakness	Material Weakness shall mean a reportable condition, in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements caused by error or fraud, in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.
Metropolitan Area	Metropolitan Area, as defined in 12 CFR 1807.104, means an area designated as such by the Office of Management and Budget pursuant to 44 U.S.C. 3504(e) and 31 U.S.C. 1104(d) and Executive Order 10253 (3 CFR, 1949–1953 Comp., p. 758), as amended.
Multi-family housing	Multi-family housing, as defined in 12 CFR 1807.104, means residential properties consisting of five or more dwelling units, such as a condominium unit, cooperative unit, apartment, or townhouse.
Non-Metropolitan Area	Non-Metropolitan Area, as defined in 12 CFR 1807.104, means counties that are designated as Non-Metropolitan Counties by the Office of Management and Budget (OMB) pursuant to 44 U.S.C. 3504(e) and 31 U.S.C. 1104(d) and Executive Order 10253 (3 CFR Part 1949-1953 Comp., p.758), as amended, and as made available by the CDFI Fund for a specific application funding round.
Nonprofit Organization	<p>Nonprofit Organization, as defined in 12 CFR 1807.104, means any corporation, trust, association, cooperative, or other organization that is:</p> <ul style="list-style-type: none"> (1) Designated as a nonprofit or not-for-profit entity under the laws of the organization's State or Indian Tribe of formation; and (2) Exempt from Federal income taxation pursuant to the Internal Revenue Code of 1986, with the exception of organizations affiliated with Indian Tribes; and (3) Able to demonstrate that a share of its total assets is dedicated to the development or management of affordable housing.
Notice of Funds Availability (or NOFA)	Notice of Funds Availability (or NOFA) means the notice published by the CDFI Fund in the Federal Register that announces the availability of funds for the applicable Capital Magnet Fund Application round.
Payment	Payment, as defined in 12 CFR 1807.104, means the transmission of CMF Award dollars from the CDFI Fund to the Recipient.
Permanent Financing	Long-term maturity mortgage loan (e.g., 15-30 years). In real estate projects, permanent financing is obtained after completion of construction, usually to repay shorter term, non-permanent debt such as construction loans or bridge financing.



Term	Definition
Permanent Housing	Permanent Housing, as defined in 12 CFR 1807.104, means Housing that is owned or is rented under a written lease with an initial lease term of six months or more.
Placed into Service	<p>In the case of the Development, Rehabilitation, and/or Preservation of rental Affordable Housing, a Project is considered Placed into Service after Project Completion is achieved and the property is otherwise ready for occupancy as evidenced by a certificate of occupancy.</p> <p>In the case of Homeownership Affordable Housing, a Project is considered Placed into Service at Initial Occupancy.</p> <p>In the case of <u>Economic Development Activities</u>, Placed into Service occurs when the initial tenant has signed a lease and has the right to move in.</p>
Predevelopment Financing	Refers to the financing costs related to the early stages of development, including such costs of permitting, financial feasibility analysis, market studies, financing applications, legal fees, architectural fees, and engineering fees. Such costs are specific to a Project where a Project Commitment has been made.
Preservation	Preservation, as defined in 12 CFR 1807.104, means the acquisition, refinancing, recapitalization, of existing Multi-family rental housing or Single-family housing, with or without Rehabilitation, to create, maintain, or extend the affordability requirements as provided in subpart D of the CMF Interim Rule (effective June 25, 2024). Preservation may include the refinancing of owner-occupied Single-family housing or Multi-family rental housing to extend existing affordability restrictions set to expire during the Investment Period, or other timeline as defined by the CDFI Fund, by at least an additional 10 years. Preservation may also include the imposition of a new Affordability Period on housing not currently subject to affordability restrictions.
Presumptively Compliant or Presumptive Compliance	Presumptively Compliant or Presumptive Compliance, as defined in 12 CFR 1807.104, means certain rules, requirements, and designations under other Federal housing programs that the CDFI Fund deems to meet certain CMF requirements.
Private Leveraged Capital	Private Leveraged Capital means investments or loans the Applicant/Recipient, or Projects financed and/or supported by the Applicant/Recipient, received from private entities, whose origin is not public funds. 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 Recipient or Projects.
Program Income	Program Income, as defined in 12 CFR 1807.104, means gross income, as further described in 2 CFR Part 1000.
Project	Project, as defined in 12 CFR 1807.104, means a specific Affordable Housing Activity, Economic Development Activity, or Homeownership Program the



Term	Definition
	Recipient uses its CMF Award to finance or support, resulting in Project Completion.
Project Commitment	Project Commitment, as defined in 12 CFR 1807.104, means that the Recipient is able to demonstrate, in written form and substance that is acceptable to the CDFI Fund, a commitment to a Project.
Project Completion	Project Completion, as defined in 12 CFR 1807.104, means that all of the requirements set forth at 12 CFR 1807.503 for a Project have been met.
Project-Level Leverage	Project-Level Leverage is the amount of public or private financing provided directly to the Project by sources other than the CMF Award. It is capital used to pay Eligible Project Costs that is restricted to a specific project when it is raised. Project-Level Leverage can, among other things, include mortgages secured by the property, proceeds from the sale of bonds, equity investment raised through LIHTC, deferred developer fees, and loans and grants from local and state government made directly to a specific Project. Project-Level Leverage does not include Enterprise-Level Capital or Reinvestments.
Purchase	Purchase, as defined in 12 CFR 1807.104, means to use a CMF Award to provide financing to: (1) A Family for Homeownership that meet the qualifications set forth in subparts D and E of 12 Part 1807; or (2) A developer or project sponsor for the acquisition of rental Housing that must meet the qualifications set forth in subparts D and E of 12 Part 1807.
Recipient	Recipient, as defined in 12 CFR 1807.104, means an Applicant selected by the CDFI Fund to receive a CMF Award pursuant to 12 CFR Part 1807.
Refinancing	Refinancing means replacing a current real estate mortgage loan with a new loan.
Regulated Institutions	Regulated Institutions include Insured Credit Unions, Insured Depository Institutions, State-Insured Credit Unions, and Depository Institution Holding Companies.
Rehabilitation	Rehabilitation, as defined in 12 CFR 1807.104, means any repairs and/or capital improvements that contribute to the long-term preservation, current building code compliance, habitability, sustainability, or energy efficiency of Affordable Housing.
Reinvestment	The reallocation of repaid CMF Award and/or Enterprise-Level Capital into new eligible activities within the established Investment Period. This can include Program Income in the form of repaid principal from loans and equity that are redeployed after the original deployment.
Revolving Loan Fund	Revolving Loan Fund, as defined in 12 CFR 1807.104, means an investment fund consisting of the CMF Award and any Leveraged Capital that the Recipient: (1) Manages and approves lending decisions for; and (2) Uses to finance Affordable Housing Activities and/or Economic Development Activities wherein the repayments on such loans are used to finance additional loans.



Term	Definition
Risk-Sharing Loan	Risk-Sharing Loan, as defined in 12 CFR 1807.104, means loans for Affordable Housing Activities and/or Economic Development Activities in which the risk of borrower default is shared by the Applicant or Recipient with other lenders (e.g., participation loans).
Rural Area	Rural Area, as defined in 12 CFR 1807.104, means a census tract that meets the definition of Rural Area per 12 CFR 1282.1 (Enterprise Duty To Serve Final Rule) that is: A census tract outside of a Metropolitan Statistical Area as designated by the Office of Management and Budget; or A census tract in a Metropolitan Statistical Area as designated by the Office of Management and Budget that is outside of the Metropolitan Statistical Area's Urbanized Areas, as designated by the U.S. Department of Agriculture's (USDA) Rural-Urban Commuting Area (RUCA) Code #1, and outside of tracts with a housing density of over 64 housing units per square mile for USDA's RUCA Code #2.
Secondary Market Mortgage	Second Market Mortgage, as defined in 12 CFR 1807.104, means a mortgage: (1) originated by a qualified third-party lender as defined in guidance by the CDFI Fund and purchased by the Recipient in 12 months or less from the date of its origination using a CMF Award and evidenced by an agreement that meets subparts C, D, and E of 12 CFR Part 1807; (2) for which the source of the origination is not the CMF Award; and (3) that would not have been originated but for the Recipient's Secondary Market Mortgage Purchase.
Secondary Market Mortgage Purchase	Secondary Market Mortgage Purchase, as defined in 12 CFR 1807.104, means the purchase of a Secondary Market Mortgage.
Standard High Opportunity Area (HOA) Criteria	Standard High Opportunity Area (HOA) Criteria means the definition of High Opportunity Area (HOA) found in the Federal Housing Finance Agency's Duty to Serve Rule (12 CFR § 1282.1), effective as of the date of the publication of the applicable NOFA. This term is defined as: (a) An area designated by the Department of Housing and Urban Development (HUD) as a "Difficult Development Area" during any year covered by an Enterprise's Underserved Markets Plan (Plan) or in the year prior to a Plan's Effective Date, whose poverty rate falls below 10% (for Metropolitan areas) or below 15% (for Non-Metropolitan areas); or (b) an area designated by a state or local Qualified Allocation Plan (QAP) as a high opportunity area whose poverty rate falls below 10% (for Metropolitan areas) or 15% (for Non-Metropolitan areas). The CDFI Fund publishes a dataset on its website indicating which census tracts are designated as High Opportunity Areas for each funding round.
Service Area	Service Area, as defined in 12 CFR 1807.104, means the geographic area in which the Applicant proposes to use the CMF Award, and the geographic area approved by the CDFI Fund in which the Recipient must use the CMF Award as set forth in its Assistance Agreement. Service Area may include a national Service Area for Rural Areas and additional areas that may be defined by the CDFI Fund in the applicable NOFA.



Term	Definition
Single-Family Housing	Single-family housing, as defined in 12 CFR 1807.104, means a one- to four-Family residence, a condominium unit, a cooperative unit, mutual housing, or a combination of manufactured housing and lot.
Site Development Financing	Site Development Financing refers to financing costs associated with real estate site improvements that are needed before construction of a building may begin. Examples include the following: obtaining permits for inspection, soil test, septic system inspection and installation, water and sewer connections, utilities, survey, engineering inspection, clearing, grading, site drainage, landscaping, paving, etc.
State	State, as defined in 12 CFR 1807.104, means the states of the United States, the District of Columbia, or any territory of the United States.
State-Insured Credit Union	State-Insured Credit Union, as defined in 12 CFR 1807.104, means any credit union that is regulated by, and/or the member accounts of which are insured by, a State agency or instrumentality.
Subsequent Payment	The second Payment representing the balance of the CMF Award, in the case where a Recipient exercises its option to receive the CMF Award in two Payments. See related definitions of Initial Payment and Lump Sum Payment in this Glossary.
Subsidiary	Subsidiary, as defined in 12 CFR 1807.104, means any company that is majority owned or Controlled directly or indirectly by another company. For purposes of ownership, a Subsidiary's parent company possesses more than 50 percent ownership of the Subsidiary.
Third-Party	Third-Party means a separate legal entity that is not the Applicant. An Affiliate of the Recipient is considered a third-party if it is a separate legal entity from the Recipient.
Underserved Rural Area	Underserved Rural Area, as defined in 12 CFR 1807.104, means all Rural Areas as defined as a census tract that meets the definition of Rural Area per 12 CFR 1282.1 (Enterprise Duty to Serve Final Rule) that is: a census tract outside of a Metropolitan Statistical Area (MSA) as designated by the Office of Management and Budget (OMB); or a census tract in an MSA as designated by OMB that is outside of the MSA's Urbanized Areas, as designated by the U.S. Department of Agriculture (USDA) Rural-Urban Commuting Area (RUCA) Code #1, and outside of tracts with a housing density of over 64 housing units per square mile for USDA's RUCA Code #2.
Uniform Administrative Requirements	Uniform Administrative Requirements, as defined in 12 CFR 1807.104, means the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200).
Unique Entity Identifier (UEI)	<p>A UEI is a unique 12-character, alpha-numeric value used to uniquely identify an entity that does business with the federal government.</p> <p>On April 4, 2022, the federal government stopped using the DUNS Number to uniquely identify entities. As of that date, entities doing business with the</p>



Term	Definition
	federal government must use the Unique Entity Identifier (UEI) created in SAM.gov.
Very Low-Income	Very Low-Income, as defined in 12 CFR 1807.104, means in the case of owner-occupied or rental Housing, having income at 60 percent or below of the area median income, with adjustments for Family size, as determined by HUD, except that HUD may establish income ceilings higher or lower than 60 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low Family incomes.



IV. Public Burden Statements

OMB Approval No. 1559-0054

Paperwork Reduction Act Notice.

The submission requirements are provided to Recipients for awards under the Capital Magnet Fund (CMF). Recipients are not required to respond to this collection of information unless it displays a currently valid Office of Management and Budget (OMB) control number. The estimated average burden associated with this collection of information is 100 hours per Recipient. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Program Manager, Office of Compliance Monitoring and Evaluation, Department of the Treasury, Community Development Financial Institutions Fund, 1500 Pennsylvania Avenue, NW, Washington, D.C. 20220.

All materials are available on the CDFI Fund Website: www.cdfifund.gov

Catalog of Federal Domestic Assistance Number: 21.011