



# FY 2020 Capital Magnet Fund Recipient Training Webinar

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**Overview of the FY 2020 CMF Assistance Agreement  
and Compliance Requirements**

**COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND**

[www.cdfifund.gov](http://www.cdfifund.gov)

# Training Goals



At the conclusion of the webinar, participants will understand:

1. How to execute the Assistance Agreement and receive Award payment within a timeline.
2. The steps to review and accept Assistance Agreement; and in limited cases, request changes.
3. Notable Performance Goals, obligations, and deadlines of the Assistance Agreement.

Note: Capitalized terms are defined in the CMF Interim Rule or FY 2020 CMF Assistance Agreement.

# Assistance Agreement is Your Contract



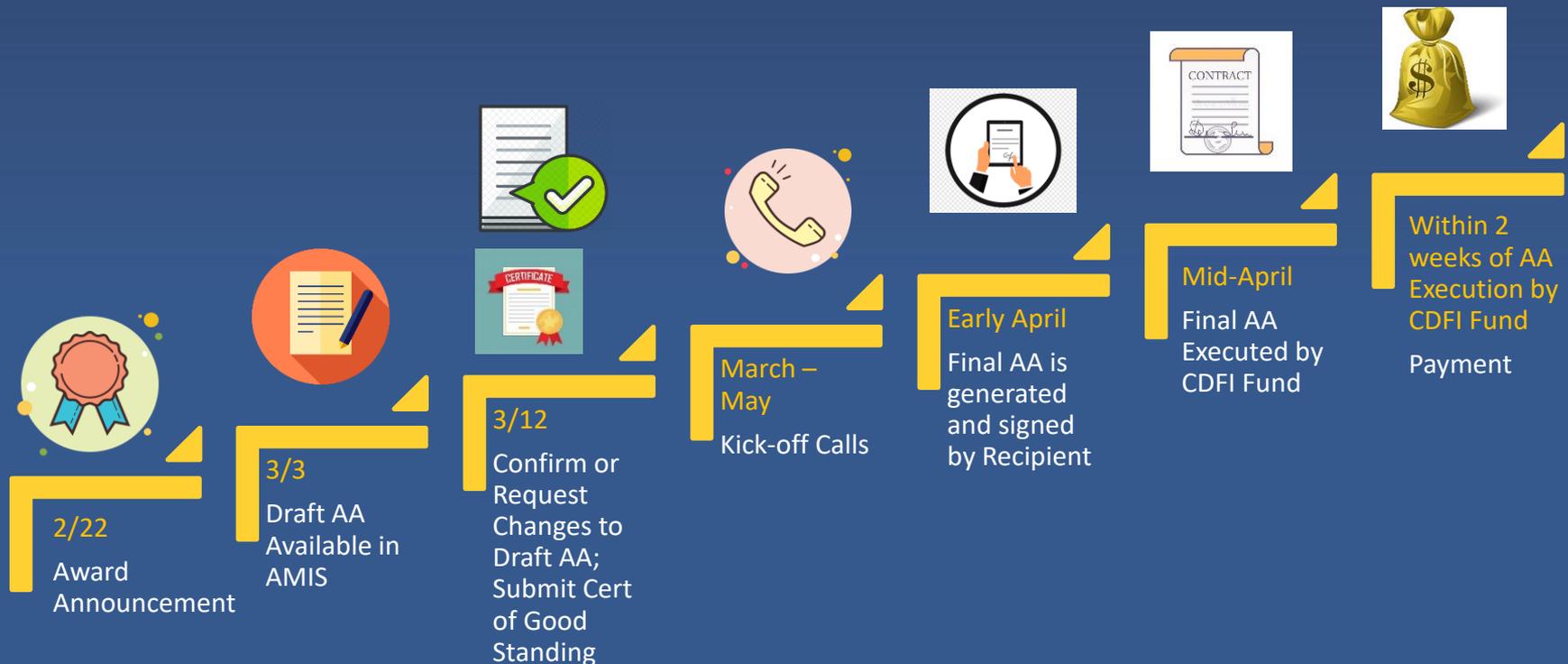
- The Assistance Agreement is a binding legal contract.
- By signing the Assistance Agreement, you agree to its terms and conditions and the requirements of the CMF Interim Rule (12 C.F.R. 1807).
- The specific Performance Goals in the Assistance Agreement may be different than what was proposed in your Application.
- **Caution:** Do not assume that everything proposed in your Application is permissible under the Program rules. Not sure?...Please ask us for guidance!
- 2020 Assistance Agreement ≠ 2019 Assistance Agreement
- This presentation is NOT a substitute for reviewing the Assistance Agreement.

# Agenda



1. **The “How-to” of Closing and Payment**
  - Q & A Opportunity
2. Overview of Assistance Agreement
3. Understanding Customized Performance Goals
4. Contact Info & Resources
  - Q & A Opportunity

# Award Closing Timeline



# Key Dates and Steps



## Timeline:

- **March 3:** Draft Assistance Agreements available in AMIS (notification will be sent when it's available). **Read it!**
- **March 12:** Review and either Accept or Request Changes to Draft Assistance Agreement.
  - By this date, submit questions to CMF staff via Service Request regarding Schedule 1 requirements, only if they a) impact your decision to accept the Award; or b) pertain to changes in Service Area, eligible activities, or unit production goals.
  - Substantive change requests will be discussed during your kick-off call and any revisions to your Assistance Agreement may delay the closing. We will prioritize those conversations that pertain to your decision to accept the Award.
  - By this date, notify CDFI Fund of potential errors and administrative changes to Assistance Agreement.
- **March 12:** Submit Certificate of Good standing (if applicable).
  - Upload recent Certificate of Good Standing to AMIS dated no earlier than **12/1/2020**.

# Key Dates and Steps (Continued)



## Timeline (con't):

- **March - May:** The CMF Program and compliance staff will hold kick-off calls with each Recipient to ensure there is a good understanding of the Assistance Agreement and program requirements. Some calls may occur after the agreement is executed.
- **Early April:** The CDFI Fund begins notifying Recipients that the final version of the Assistance Agreement is available in AMIS for review. The Authorized Representative should digitally sign the Assistance Agreement within two business days of notification that the Assistance Agreement is ready for signature.
  - **Note:** Assistance Agreements are not effective until the CDFI Fund executes the Assistance Agreement! A notification will be sent when the Assistance Agreement is executed by the CDFI Fund.
- **Mid-April:** All Recipients should anticipate execution by the CDFI Fund to occur around mid-April. Investment Period begins upon CDFI Fund execution.
  - **Tip:** Payments will typically be made within two weeks of execution of the Assistance Agreement by the CDFI Fund.

# Accepting, Requesting Changes to Draft Assistance Agreement & Admin Changes



## Accept Draft Assistance Agreement

Accept Draft Assistance Agreement if there are no issues ASAP, but no later than **March 12**.

## Requesting Changes to Draft Assistance Agreement & Limitations

- Any change is at the discretion of the CDFI Fund.
- No modifications that would impact the competitiveness of your Application will be considered.
- Possible Changes (with compelling rationale):
  - Eligible Activities
  - Unit Production Target
  - Service Area: modification will only be considered if the proposed changes don't impact underserved states or the geographic diversity of areas being served by FY 2020 Recipients.
- Changes to Schedule 2 can not be requested.
- Request changes ASAP, but no later than **March 12**. Requesting changes after the deadline may significantly delay the closing of your Assistance Agreement.

## Potential Errors and Admin Changes

Notify CDFI Fund of potential errors and administrative changes to Assistance Agreement by **March 12**.

# Certificate of Good Standing Submission Procedure



See Schedule 3 for substantive requirements for certificates.

- Certificate should be **dated December 1, 2020 or later**.
- Regulated institutions are not required to upload a Certificate of Good Standing.
- State housing finance agencies and housing authorities do not need to submit a Certificate of Good Standing. The CDFI Fund will be in contact regarding legal opinions submitted previously.

**By March 12:** Submit the Certificate of Good Standing (if applicable)

1. Obtain an electronic copy of Certificate of Good Standing;
2. In AMIS, navigate to the 2020 Award record; and
3. Upload the Certificate of Good Standing in the “Notes & Attachments” section and click on “Save”.

Delays in the closing process may occur if you submit late!

# Kick-off Calls!



**What:** All Recipients must participate in a kick-off call.

**When:** Dates and times will be assigned. Please be sure that your key staff attend your call.

**Where:** The CMF Program staff will send out conference call invitations to the Award Contacts for your FY 2020 CMF Award. Update your Award Contacts in AMIS if needed.

**Why:**

- To ensure Recipients understand their reporting and administrative requirements of their Award.
- Clarify items specific to your Application strategy and identify any key items to be aware of.
- Address any questions you may have for us.

# Payment of the CMF Award



- CMF Awards will be paid in one lump sum after conditions in Section 3.7 of the Assistance Agreement have been met. Awards should be kept in an interest bearing account until expended.
- Prior CDFI Fund Recipients/Allocatees with a March 31st report due date – Be sure to report on time!
- Recipients with prior CDFI Fund awards/allocations will be assessed for compliance and certification requirements in order to receive Payment.

# AMIS Demo



- This presentation, including the AMIS Demo, will be recorded and a link will be posted on CDFI Fund's Website here: <https://www.cdfifund.gov/programs-training/programs/cmfclosing-disbursement-step>
- Instructions on how to accept the draft Assistance Agreement and to request changes to it are included in the Award Instructions Letter (located in Notes & Attachments of your 2020 CMF Award in AMIS).

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# Structure of Assistance Agreement



Assistance Agreement includes the following components:

**Signature Page:** Contains signatures, Award amount, Effective Date and other basic information

**Schedule 1:**

**1-A.** Recipient-Specific Terms and Conditions

**1-B.** Annual Reporting Requirements

**1-C.** Annual Report Submission Deadlines

**Schedule 2:** General Award Terms and Conditions

**Schedule 3:** Certificate of Good Standing

# Schedule 1: Customized Terms & Conditions



## Schedule 1A and Schedule 2 Work Together

- Your specific Performance Goals are found in Schedule 1. However, don't forget that additional performance requirements applicable to ALL Recipients are in Schedule 2.
- Schedule 1-A and 2 are integral to each other; Schedule 2 often refers to Schedule 1 requirements, and together make up all performance requirements.

## 1-A. Recipient-Specific Terms and Conditions

- Customized Performance Goals (and some regulatory requirements) appear in Schedule 1
- Includes your specific Performance Goals (requirements and metrics)
- Based on, or prorated from, information provided in your Application

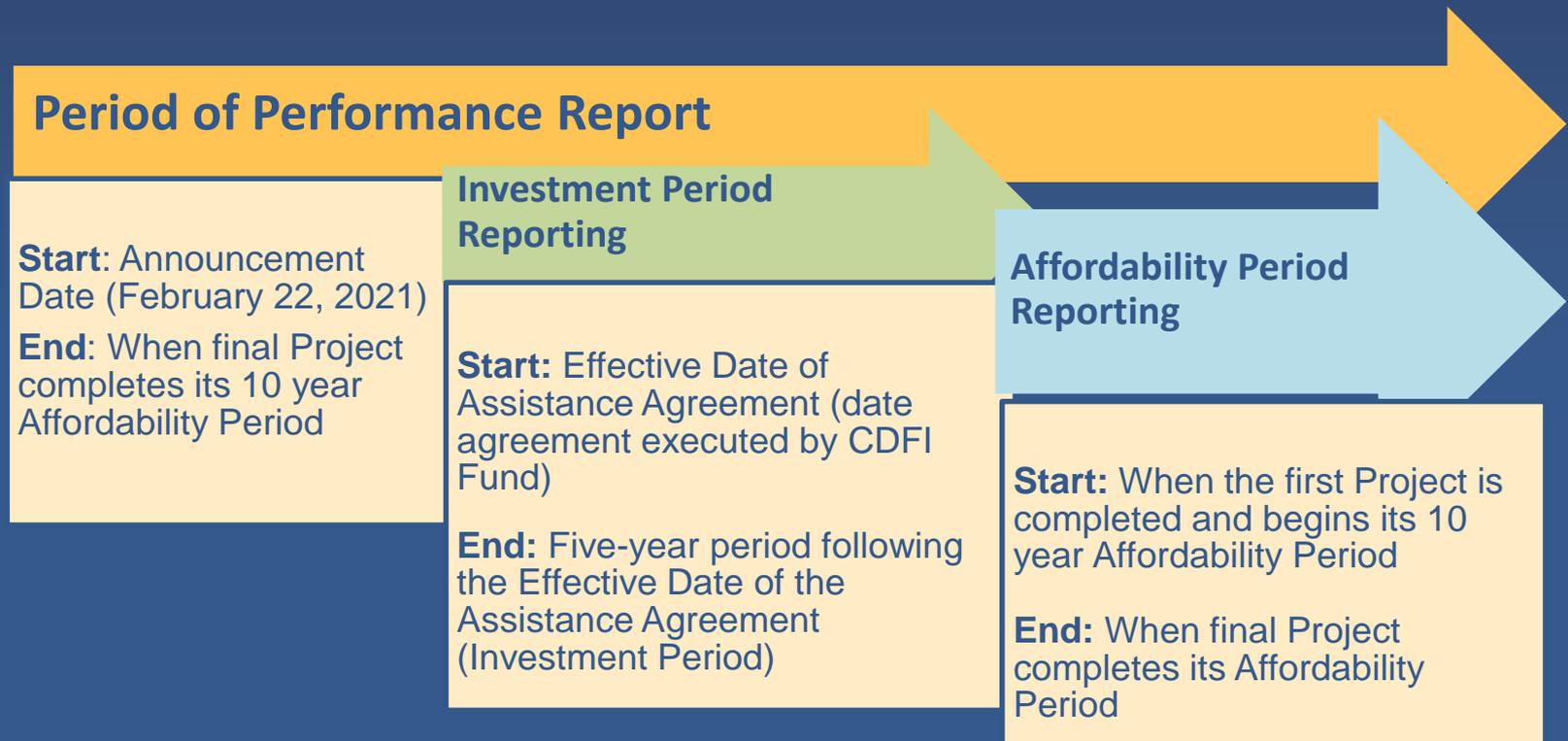
**1-B. Annual Report** - High-level annual reporting requirements.

**1-C. Annual Report Submission Deadlines** - based on your fiscal year end.

# Schedule 1B: Annual Report – Investment and Affordability Reporting



## Reporting Timelines



# Schedule 1B and C: Annual Report and Deadlines



## Annual Report and Submission Deadlines

- Review in detail all the components of reporting requirements, including Financial Condition, Performance and Environmental Notification Reports. Submission Deadlines are outlined in Schedule 1C. All reporting is completed through AMIS.
- Compliance reporting schedules are based on your fiscal year end (FYE) - three months after your FYE for Performance Report submission, six months after your FYE for Financial Audit submission, and nine months after your FYE for Single Audit submission (if applicable).

**Note:** The CDFI Fund anticipates making the reporting system for FY 2020 Awards available by September 1, 2021. We will provide additional training and reporting guidance in connection with the AMIS system release.

# Schedule 2: Generally Applicable Terms & Conditions



- Schedule 2 applies to all Recipients
- Incorporates CMF Interim Rule (12 CFR Part 1807)
- Includes key definitions
- Discusses key standards, including commitment, Project Completion and others
- Specifies affordability requirements
- Notes environmental review requirements
- Describes other covenants, sanctions, and list of Material Events.

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# Sections 3.2 (a) and 3.2 (b): Eligible Activities and Uses



## ✓ Review Eligible Activities and Uses

- Not all proposed activities or uses in your Application may have been approved.
- This is one of the few customized goals that the CMF Program will consider changing – based on request and strong justification.

## ✓ What you Need to Know:

- Only approved activities and uses can be undertaken.
- Recipients are not required to undertake all of the approved activities and uses.
- Up to 5% of the CMF Award may be used for Direct Administrative Expenses. Refer to 2 CFR 200.413 of the Uniform Administrative Requirements for additional information or reach out to CMF staff.

# Sections 3.2(c) - Production Target



## ✓ Review Your Production Target

- Indicates the minimum number of Affordable Housing units required to achieve Project Completion by the end of the Investment Period (5 years after agreement execution).
- Reflects a prorated number from what you may have projected in your Application if your Award was less than what you requested.
- One of the few customized goals that the CMF Program will consider changing – based on request and strong justification, if no competitive impact.

# Sections 3.2(d), 5.2(a) and 5.3(a) - Portfolio Level Income Targeting



## ✓ Review Portfolio-level Targeted Incomes

- Performance Goals are based on data presented in the Application.
  - Rental Housing units for Very Low-Income Families: 50% AMI and below (as applicable)
  - Homeownership units for Low-Income Families: 80% AMI and below (as applicable)

## ✓ What you Need to Know:

- These Performance Goals will be measured based on the number of units financed and that achieve Project Completion as of the end of the Investment Period.

# Section 5.2(b): Project-Level Targeted Income



- ✓ **Review Project-Level requirement for rental Projects**
  - At least 20% of units in each Multi-family rental Project must be leased by Low-Income Families.
  - All other income measures are at the portfolio level.
- ✓ **What you Need to Know:**
  - Measured annually for each Multi-Family rental Project that achieves Project Completion.
  - Based on units occupied by Families at 80% AMI or lower once building achieves Initial Occupancy.
  - This requirement applies to each Multi-family rental Project.
  - CMF Program AMIS instructions provide guidance for reporting vacant units and units that turnover during a performance year.

# Section 3.2(d) and 3.2(e) - Geographies



## ✓ Review Performance Goals for Geographies

- % of Affordable Housing Units located in Areas of Economic Distress.
- Economic Development Activities (EDA) located in Low-Income Areas (if applicable).
- % of CMF Award invested in Rural Areas. \*Based on percentage of CMF Award, not total investment, for example: \$1 million Award x 10% = \$100,000 of CMF in Rural Areas.

## ✓ What you Need to Know:

- These Performance Goals will be measured based on Projects that achieve Project Completion by end of the Investment Period.
- Use the CDFI Fund's [Community Impact Mapping System \(CIMS\)](#) to check for Areas of Economic Distress, Low-Income Areas, and Rural Areas.
- Low-Income Areas requirement applies only to EDA.
- The Recipient needs to meet or exceed the Rural Areas percentage in the Assistance Agreement. If your Rural Areas percentage is 0%, then there is no minimum percentage required. Recipients are never precluded from Rural Area investment.

# Section 3.2(f): Service Area Requirements



- ✓ **Review the Service Area designation and Geographic Areas table**
  - Your Geographic Areas are based on your Application request and statutory goals for geographic diversity.
  - One of the few customized goals that the CMF Program will consider changing. A compelling justification must be provided.
  - Changes to Service Area will only be considered if states key to the geographic diversity of the funding round are not affected.
  
- ✓ **What you Need to Know:**
  - Can undertake CMF activities only in the approved Geographic Areas in the Assistance Agreement.
  - Recipients serving multiple states may be required to undertake at least one Project in a particular state to ensure CMF's geographic coverage. This requirement will be noted in your Assistance Agreement.

# Section 3.2(g): Leveraging Requirements



- ✓ **All Recipients must meet an overall leverage multiplier of at least 10x.**
  - Remember that the CMF Award counts toward overall leverage, but is not a private source.
  - To count towards overall leverage, Projects funded with reinvestment of the CMF Award and Enterprise-Level Capital must be completed within the 5 year Investment Period.
  
- ✓ **Review your specific Minimum Private Leverage multiplier**
  - Based on information provided in the Application.
  - Private Leverage multiplier will never exceed 10x.
  
- ✓ **What you Need to Know:**
  - The Private Leverage Cost Multiplier goal is measured as of the end of the Investment Period (5 years after agreement execution).
  - Determining whether leverage is public or private is not always obvious (e.g. tax credit investment, pass-through grants). Ask for technical assistance.
  - The CMF Program encourages you to ask for technical assistance early in a Project investment decision, as a misunderstanding could impact your investment decisions and compliance.

# Eligible Project Costs (EPC) and Leveraged Costs

## – Sections 3.4



- ✓ Review Section 3.4(e) of the Assistance Agreement for a complete list of Eligible Project Costs (EPC). EPCs include:
  - Development hard costs
  - Refinancing costs
  - Financing costs
  - Acquisition costs
  - Related soft costs
  - Relocation costs
  - Loan Loss Reserves and Loan Guarantees
- ✓ Restrictions on the Use of CMF Award are found in Section 3.5.
- ✓ **Note:** There is a 36 month look-back period for Projects started before the commitment date. Eligible Project Costs may include costs incurred up to 36 months prior to the CMF Award being Committed to the Project. Applies only if the Project achieves Project Completion after the Announcement date.
- ✓ **Note:** For any given Project, EPC will not exceed total development cost. In other words, costs may only be counted once, even if they are financed by different sources at different phases. If you have any questions about calculating EPC for a specific Project, please ask!

# Sections 3.2 (h)-(j): Commitment, Disbursement & Project Completion Deadlines



## ✓ Review the following milestone dates

- Commitment (2 Years After Effective Date) – 100% of CMF Award
- Initial Disbursement (3 Years After Effective Date) – At least \$1
- Project Completion (5 Years After Effective Date) – All Projects

## ✓ What you Need to Know:

- The Commitment date cannot be extended.
- Dates will not appear in draft or final draft versions. Will be inserted into Assistance Agreement when CDFI Fund executes it. Dates are based on the Effective Date of the Assistance Agreement.
- Failure to commit the Award within two years after Effective Date will result in **mandatory recapture** of grant and other sanctions.
- Initial Disbursement Date does not require grant disbursement to every Project. Guidance is available regarding when Loan Guarantees and Loan Loss Reserves are considered disbursed.
- The end of the Investment Period is a critical date for determining compliance for many goals.

# Section 3.8: Program Income Reinvestment Requirements



- ✓ **Review which Program Income Reinvestment requirements apply to your organization**
  - Section 3.8(a) – You indicated in application Q. 14 that you planned to reinvest the CMF Award and count it toward meeting your Performance Goals. Projects must be completed within 5 year Investment Period to count towards Performance Goals.
  - Section 3.8(b) – Do not plan to reinvest the CMF Award per Q. 14 or do not plan to count reinvestment toward your Performance Goals.
- ✓ **What you Need to Know:**
  - Program Income requiring reinvestment is principal or equity repayments of the CMF Award.
  - If Section 3.8(b) applies, there is some additional reinvestment flexibility.
  - Program Income rules can be complicated. Additional guidance will be available along with technical assistance, as requested.
  - Recipients must track Program Income annually.

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# Contact Info & Support



## Help and Resources

- **AMIS User Guide:** A step-by-step AMIS User Guide can be found on the AMIS homepage at <https://amis.cdfifund.gov/s/AMISHome>

For the best service, the CDFI Fund recommends submitting a Service Request in AMIS. Select “Capital Magnet Fund” for Program and clearly indicate the issue in the subject line.

Contact Information		
Type of Question	Telephone	Email
Award Support	202-653-0421	<a href="mailto:CMF@cdfi.treas.gov">CMF@cdfi.treas.gov</a>
AMIS Support	202-653-0422	<a href="mailto:AMIS@cdfi.treas.gov">AMIS@cdfi.treas.gov</a>