



Small Dollar Loan Program

FY 2021 Application Webinar

Small Dollar Loan
May 12, 2021

FY 2021 Small Dollar Loan Program Application Webinar



Welcome to the FY 2021 Small Dollar Loan Program
(SDL Program) Application Webinar!

As a reminder, participants will be muted until we open the
phone lines for questions at the end of the presentation.

SDL Program Webinar Agenda



- SDL Program Staff
- CDFI Fund Overview
- SDL Program Overview
- SDL Program Application Logistics
- SDL Program Application Overview
- Important Reminders
- Contact Information
- Questions

SDL Program Webinar Agenda



SDL Program Staff:

- Tanya McInnis, Program Manager
- Julie Sandler, Senior Management and Program Analyst
- Joan Reid-Patrick, Policy and Program Officer
- Bridget Ware, Detailee

CDFI Fund Overview



OUR MISSION

The CDFI Fund's mission is to expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers.

About the CDFI Fund



The CDFI Fund accomplishes its mission by investing in and supporting Community Development Financial Institutions (CDFIs), Community Development Entities (CDEs), and other community development organizations through the:

- Riegle Community Development and Regulatory Improvement Act of 1994
 - Bank Enterprise Award Program (BEA Program)
 - Community Development Financial Institutions Program (CDFI Program)
 - Native American CDFI Assistance Program (NACA Program)
- Community Renewal Tax Relief Act of 2000
 - New Markets Tax Credit Program (NMTC Program)
- Housing and Economic Recovery Act of 2008
 - Capital Magnet Fund (CMF)
- Small Business Jobs Act of 2010
 - CDFI Bond Guarantee Program (BG Program)
- Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
 - Small Dollar Loan Program (SDL Program)

In addition, the CDFI Fund co-manages the CDFI Economic Mobility Corps with AmeriCorps, authorized by the Consolidated Appropriations Act of 2020.

Program Overview



- Authorized by the Dodd -Frank Wall Street Reform and Consumer Protection Act of 2010.
- Up to \$13.5 million is available for this funding round.
- The SDL Program was created to help:
 - Certified CDFIs address the issue of expanding consumer access to mainstream financial institutions and provide alternatives to high cost small dollar loans; and
 - Unbanked and underbanked populations build credit, access affordable capital, and allow greater access into the mainstream financial system.

Program Eligibility



- Per the SDL Program statute (12 U.S.C. 4719), SDL Program grants may only be used to support new and existing small dollar loan programs that offer loans to consumers that:
 - are made in amounts that do not exceed \$2,500;
 - must be repaid in installments;
 - have no prepayment penalty; and
 - have payments that are reported to a least one of the consumer reporting agencies that compiles and maintains files on consumers on a nationwide basis.

Eligible Uses of Awards



- Awards must be used for:
 - Loan Loss Reserves (LLR) to defray the costs of starting a new small dollar loan program or expanding an existing small dollar loan program, or
 - Technical Assistance (TA) for technology, staff support, and other costs associated with establishing a new small dollar loan program or expanding an existing small dollar loan program.

Note: SDL Program grants cannot be used to provide direct loans to consumers.

Award Amounts



The SDL Program has the following minimum and maximum award amounts:

- TA Award amount (range: \$10,000 - \$150,000)
- LLR Award amount - amount determined by request and projected small dollar lending (range: from \$20,000 and up to 20% of the Applicant's three-year Projected Total to be closed On-Balance Sheet Small Dollar Loans, not to exceed \$350,000).

Applicant Eligibility



- The SDL Program statute allows for three types of eligible applicants:
 - Certified CDFIs; or
 - Partnerships between a Certified CDFI and any Federally Insured Depository Institution (FDI) with a primary mission to serve targeted Investment Areas; or
 - Partnerships between two or more Certified CDFIs.

Applicant Eligibility by Award Type



Eligible Applicants will be limited to the following types of awards:

- For LLR grants
 - a Certified CDFI; or
 - a partnership between a Certified CDFI and a FIDI with a primary mission to serve targeted Investment Areas.
- For TA grants
 - a Certified CDFI; or
 - a partnership between two or more Certified CDFIs.
- For both an LLR grant and TA grant
 - a Certified CDFI

Prohibited Practices



SDL Program awards may not be used for small dollar loan programs/products with any of the following lending practices and loan characteristics:

- High-rate loans
- Coerced automated loan payments
- Excessive refinancing
- Automatic loan insurance or credit card add-ons
- Security interests in household goods, vehicles, or deposit accounts
Exception: loans with a savings account component or credit builder loans
- Excessive late fees on missed loan payments
- Abusive overdraft practices
- Aggressive debt collection practices
- Forced arbitration clause and class action ban

Program Priorities



The CDFI Fund will prioritize funding for Applicants that propose to offer small dollar loan programs that include any of the following characteristics:

- offer small dollar loan terms that are at least ninety (90) days;
- use ability to repay underwriting that considers the borrower’s ability to repay a loan based on both the borrower's income and expenses;
- make loan decisions within one business day (or 24 hours) after receipt of required documents;
- offer a reduction in the borrower’s loan rate if the borrower elects to use automatic debit payments;
- offer automatic savings features that are built into the regularly-scheduled payments on a loan – provided that the resulting payment is still affordable – or, at a minimum, loans that can be structured so that, subject to the borrower’s consent, payments continue for a period of time after the loan is repaid with all of the payments going into a savings vehicle; and
- offer access to financial education/credit counseling.

Application Evaluation



The CDFI Fund will evaluate Applications based on the following:

- Application Assessment Tool Analysis (currently used in the CDFI Program to complete the Financial Analysis and Compliance Risk Evaluation)
- Business Strategy and Community Impact Review
 - Community analysis and financing gaps
 - Proposed use of award
 - Affordable and responsible loan characteristics and lending practices
 - Track record
 - Growth and projections

Applicants will receive a “Low Risk”, “Medium Risk” or “High Risk” score. Applicants that receive a rating of “High Risk” will not receive further consideration for an award.

Award Sizing



- Award sizes will be based on demand and the following factors:
 - Due diligence review.
 - The Applicant's requested amount.
 - The Applicant's three-year projected total small dollar loans to be closed.
 - Whether preferred lending practices and loan characteristics stated in the FY 2021 SDL Program Notice of Funds Availability (NOFA) are proposed.
 - Applicants that have headquarters that are located in Persistent Poverty Counties (PPCs). The SDL Program is subject to the statutory 10% PPC requirement. Award sizes will be adjusted, if needed, to award funds to Applicants located in PPCs.
 - The Applicant's risk rating level.

Assistance Agreement, Compliance and Reporting



Each Applicant that is selected to receive an award must enter into an Assistance Agreement with the CDFI Fund in order to become a Recipient and receive Payment. Each Small Dollar Loan Program Assistance Agreement has a three-year Period of Performance.

The Assistance Agreement will set forth certain required terms and conditions of the Small Dollar Loan Program Award, which will include, but not be limited to:

- The amount of the award;
- The approved uses of the award;
- Performance goals and measures (i.e., expected dollar volume and number of small dollar loans); and
- Reporting requirements for all Recipients.

Getting Started



- Obtain an Employer Identification Number (EIN) and Dun & Bradstreet (DUNS) number.
- Register and/or update your accounts in the following systems:
 1. System for Award Management (SAM.gov)
 2. Grants.gov
 3. AMIS
- Download and familiarize yourself with the FY 2021 SDL Program NOFA and application materials found on the SDL Program website.

EIN and DUNS Number



- An Applicant should ensure the accuracy and uniformity of its EIN and DUNS number across its SAM.gov and AMIS accounts.
- The CDFI Fund will reject an Application submitted with the EIN or DUNS of a parent or affiliate organization.
- The CDFI Fund reserves the right to reject an Application if the EIN and DUNS number in an Applicant's AMIS account do not match the EIN and DUNS number in its SAM.gov account.

SAM.gov (System for Award Management)



- New SAM.gov users should register as soon as possible. Existing users should ensure that their account is active and up-to-date.
- The CDFI Fund will not consider Applications from organizations that fail to register or activate their SAM.gov account and, as a result, are unable to submit their SF-424 through Grants.gov by the deadline.
- The CDFI Fund does not maintain SAM.gov, so Applicants must contact the Federal Service Desk for technical assistance.



- **Only the SF-424 will be submitted via Grants.gov.**
- If the amount of the SDL Program award requested on the SF-424 is different from the amount an Applicant requests in its Application submitted via AMIS, the CDFI Fund will only consider the amount requested in the Application submitted in AMIS.
- The CDFI Fund **does not** maintain Grants.gov, so Applicants must contact Grants.gov directly for assistance in submitting their SF-424.
- The SF-424 must be submitted under the correct Program Funding Opportunity Number
- Applicants that submit their SF-424 under the incorrect Program Funding Opportunity Number will be deemed ineligible.

Awards Management Information System (AMIS)



- Each Applicant **must register as an organization in AMIS** and submit all required Application materials via AMIS.
- An Applicant is required to designate at least one Authorized Representative and Point of Contact in its AMIS account (Authorized Representatives may **not** be consultants).
- An Applicant that fails to properly register and update its AMIS account may miss important communications from the CDFI Fund and may not be able to successfully submit an Application.

Application Overview



NOTE: If applying as a partnership, all Application questions and data supplied relate only to the designated lead Certified CDFI.

- **Questions 1 -5:** Organizational Questions
- **Question 6: Executive Summary** – Applicants should provide a high level outline of the overall strategy for the small dollar loan program.
- **Part 1. Business Strategy and Community Impact:**
 - **Question 7: Community Analysis and Financing Gaps** - Applicants should describe the challenges and small dollar financing gaps facing the unbanked and underbanked families and distressed communities.
 - **Questions 8a – 8c: Proposed Use of SDL Program Award (LLR, TA , LLR & TA Combination)** - Applicants should describe how the SDL Program Award will be used to launch their small dollar loan program or increase the volume of their existing small dollar program that meet the requirements described in the FY 2021 SDL Program NOFA.

Application Overview (Cont'd)



Part 1. Business Strategy and Community Impact:

- **Question 9: Affordable and Responsible Loan Characteristics and Lending Practices of the Applicant's Proposed Small Dollar Loan Program Supported by the SDL Program Award** - Applicants should identify the expected community impact(s) that will be sought as a result of the proposed small dollar loan program.
- **Question 10: Description of Applicant's Small Dollar and Short Term Unsecured Loan Products** – Applicants should describe the characteristic of its Small Dollar and Short Term Unsecured Loan Products offered as of the FY 2021 SDL Program NOFA.
- **Questions 11 & 12: Track Record and Projections.** Questions 11 and 12 focus on the Applicant's small dollar lending track record and projections. These questions elaborate on the data requested in the Track Record and Projections list which can be found in Appendix 2 of the Application.

Application Overview (Cont'd)



Part 2. Organizational Capacity:

- **Question 13: Key Personnel** – Applicants should complete Appendix 3 for key personnel that will be involved in managing the SDL Program Award. Applicants will be able to list no more than 10 individuals. Applicants should select the individuals that will be most important in managing your SDL Program Award.
- **Question 14: CDFI Fund Previous Awards** – This question will pre-populate with the Applicant's previous CDFI Fund awards information in AMIS. Applicants need to verify that the information is correct. If the information is not correct, Applicants need to contact the AMIS helpdesk.
- **Question 15: Financial Health** - Applicants will provide financial data about their organization. Applicants should refer to Appendix 5: Application Financial Data Inputs and Appendix 5a: Application Financial Data Glossary of Terms for definitions and further guidance for completing the Application Financial Data section.
- **Question 16: Compliance Risk Evaluation** – Applicants will answer questions that are used to calculate an Applicant's Total Compliance Score. The purpose of this evaluation is to ensure Applicants do not have major internal management or compliance concerns.

Application Submission



A Complete FY 2021 SDL Program Grant Application package consists of the following two parts:

- **Part I. The Standard Form-424 (SF-424) (*Grants.gov Submission*):**
 - This form starts your Application and contains important fields about your organization’s tax and payment information.

- **Part II. The SDL Program Application (*AMIS Submission*):**
 - The SDL Program Application will ask for information about your organization, such as your organization’s financial data; the small dollar loan products and development services you currently provide (if applicable); and your organization’s objectives for your SDL Program Award.

Important Reminders



- **Application Submission:**

- Applicants must submit the Required Application Documents listed in Table 2 of the FY 2021 SDL Program Application.
- Applicants must use the official Application templates provided on the Grants.gov and AMIS websites. Applications submitted with alternative or altered templates will not be considered.
- Applicants are only allowed one FY 2021 SDL Program Application submission in AMIS.
- Applicants must have a unique EIN assigned by the Internal Revenue Service (IRS) and a DUNS number.

Important Dates



Activity	Date
Application and NOFA Released	April 28, 2021
Part 1 – Grants.gov SF-424 Mandatory Deadline (11:59 p.m. ET)	May 28, 2021
Last Day to Register a user and update organization’s EIN and DUNS numbers in AMIS (11:59 p.m. ET)	May 28, 2021
Last day for SDL Program Help Desk Questions (5:00 p.m. ET)	June 25, 2021
Last day for IT Help Desk Questions (5:00 p.m. ET)	June 29, 2021
Part 2 – SDL Program Electronic Application in AMIS Deadline (5:00 p.m. ET)	June 29, 2021

Contact Information



Department	Phone	Electronic Contact Method	Description
CDFI Fund	202-653-0300	https://www.CDFIFund.Gov	General Inquiries; phone numbers for support; access to program web page.
SDL Program	202-653-0421	AMIS Service Request	Questions regarding the SDL Program, Program Application or related materials.
Certification, Compliance Monitoring and Evaluation	202-653-0423	AMIS Service Request	Questions related to CDFI certification or compliance.
IT Support	202-653-0422	AMIS Service Request	Questions related to registering or creating an account in AMIS.
Grants.gov	800-518-4726	support@grants.gov	Questions related to the SF-424 submission process.
SAM.gov	866-606-8220	https://www.fsd.gov/fsd-gov/login.do	Questions related to registering an organization in order to apply for Federal grants via Grants.gov.

Questions and Answers



...for participating in today's workshop!

We will now open the line for questions.