FREQUENTLY ASKED QUESTIONS

SMALL DOLLAR LOAN PROGRAM

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2021 APPLICATION FREQUENTLY ASKED QUESTIONS

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UPDATES

Sixteen new (16) new questions and answers were added and a modification was made to Question 25 (formerly Question 23 in the FAQ document published to the CDFI Fund website on April 28, 2021) on June 3, 2021. All new content is highlighted in yellow.

Please visit the following sections:

- Questions on Prohibited Practices
- Questions on the Process for Applying for an SDL Program Award
- Questions on SDL Program Eligible Activities
- Questions on Application Tables and Attachments
- Questions on Award Announcement, Assistance Agreement, Performance Goals and Measures

One (1) new questions and answer was added on June 16, 2021. New content is highlighted in green. Please visit Question 42.

FREQUENTLY ASKED QUESTIONS

The Community Development Financial Institutions Fund (CDFI Fund) is publishing this Frequently Asked Questions (FAQ) document to answer commonly asked questions about the Small Dollar Loan Program (SDL Program) Application received through: (i) the CDFI Program Help Desk; (ii) Service Requests via the CDFI Fund's Awards Management Information System (AMIS); and (iii) other general inquiries from Applicants.

Applicants are **strongly** encouraged to review the fiscal year (FY) 2021 SDL Program Application Instructions document on the CDFI Fund's website (https://www.cdfifund.gov/sdlp). Applicants should read the FY 2021 SDL Program Notice of Funds Availability (NOFA) for eligibility and other requirements and key deadlines.

Capitalized terms not defined herein shall have the meaning specified in the FY 2021 SDL Program NOFA and/or the FY 2021 SDL Program Application Instructions found at https://www.cdfifund.gov/sdlp.

Questions on Applicant Eligibility

(1) What are the eligible uses of an SDL Program Award?

SDL Program Awards will be provided in the form of grants. SDL Program Awards may only be used as follows:

- Loan Loss Reserves (LLR) Awards to be used for loan loss reserves to defray the costs of a new or existing small dollar loan program, or
- Technical Assistance (TA) Awards to be used for technology, staff support, and other costs associated with establishing and maintaining a small dollar loan program as listed in Table 4 of the FY 2021 SDL Program NOFA.

(2) Who is eligible to apply for an SDL Program Award?

- For LLR
  - a Certified Community Development Financial Institution (CDFI); <u>or</u>
  - a partnership between:
    - a Certified CDFI; and
    - a Federally Insured Depository Institution[1] (FIDI) with a primary mission to serve targeted Investment Areas[2].

[1] A "federally insured depository institution" is any insured depository institution as that term is defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. § 1813) and any insured credit union as that term is defined in section 101 of the Federal Credit Union Act (12 U.S.C. § 1752).

[2] 12 U.S.C. 4702(16), Investment Area—The term ''investment area" means a geographic area (or areas) including an Indian reservation that—
(A)(i) meets objective criteria of economic distress developed by the Fund, which may include the percentage of low-income families or the extent of poverty, the rate of unemployment or underemployment, rural population outmigration, lag in population growth, and extent of blight and disinvestment; and (ii) has significant unmet needs for loans or equity investments; or
(B) encompasses or is located in an empowerment zone or enterprise community designated under section 1391 of the Internal Revenue Code of 1986.

- For TA
  - a Certified CDFI; or
  - a partnership between two or more Certified CDFIs.

- For Combination of LLR and TA
  - a Certified CDFI.

Eligible Applicants may submit only one SDL Program Application and therefore will need to determine if they are eligible and applying for LLR, TA, or both.

For purposes of the Application, the term "Applicant" refers to an organization applying on its own as a Certified CDFI or refers to the designated lead Certified CDFI applying on behalf of a partnership. The Applicant must use the SDL Program Award to establish or maintain a small dollar loan program. In the case of a partnership, the designated lead Certified CDFI must use the SDL Program Award to establish or maintain a small dollar loan program.

(3) My organization has a micro-lending program that makes small dollar business loans to consumers. Is my organization eligible to apply for an SDL Program LLR or TA Award?

The legislation authorizing the SDL Program defines a small dollar loan program as one that offers small dollar loans to consumers that meets the following statutory requirements:

a. are made in amounts that do not exceed $2,500;
b. must be repaid in installments;
c. have no prepayment penalty; and
d. have payments that are reported to at least one of the consumer reporting agencies that complies and maintain files on consumers on a nationwide basis.

If the organization is selected to receive an SDL Program Award, the organization will report on how it used the Award to start or maintain a small dollar loan program. The organization will not report on how the borrowers in its small dollar loan program used the loans.

(4) My organization was not certified as a CDFI by the FY 2021 SDL Program publication date. Is my organization eligible to apply for an SDL Program Award?

No. All FY 2021 SDL Program Applicants must have been certified by the date the FY 2021 SDL Program NOFA was published in the Federal Register to be eligible to apply for an SDL Program Award. Applicants must also maintain their certification status to be eligible to receive an award.

Questions on Partnerships

(5) I do not know if I should apply on my own as a Certified CDFI or with a partnership. Please explain what it means to apply as a partnership.

The partnership must designate a lead Certified CDFI for the partnership that will submit the Application. The designated lead Certified CDFI must also submit a written partnership

agreement (e.g., Memorandum of Understanding) detailing, at a minimum, the roles and responsibilities of the partners, partner replacement or substitution restrictions, any financial contributions and profit sharing arrangements, and performance requirements for the entities in the partnership.

A partner may be a FIDI, if the partnership is applying for an LLR Award, or a Certified CDFI, if the partnership is applying for a TA Award. A partner may not apply for its own award under the FY 2021 SDL Program funding round or apply as a partner for more than one Application submitted under the FY 2021 SDL Program funding round. A partnership is a formal arrangement, as evidenced by a written partnership agreement between a Certified CDFI and a FIDI or between two or more Certified CDFIs.

The partnership must be designed to accomplish one or more of the strategic goals discussed in the Business Strategy and Community Impact section of the SDL Applicant's Application and be integral to the successful completion of the Applicant's strategic goal(s). The partnership should be such that the Applicant's strategic goal(s) would not be achievable without the direct input and/or assistance of the partner. An Applicant that collaborates or coordinates with a FIDI or a CDFI to achieve the strategic goals detailed in the Application is not required to apply as a partnership. Applicants that apply as a partnership will be evaluated based on the same criteria as Applicants that apply without a partnership. If selected to receive an SDL Program Award, the lead Certified CDFI Recipient will be solely responsible for carrying out the activities described in its Application and complying with the terms and conditions of the Assistance Agreement.

The partner(s) will not be a co-Recipient of the award. As such, the lead Certified CDFI Recipient will be prohibited from using the SDL Program Award to fund any activity carried out directly by the partner or an Affiliate or Subsidiary thereof. Examples of partnerships include the following:

Applying as a Partnership

Example 1: ABC Certified CDFI has a strategic goal of increasing its small dollar lending by X% over X number of years. ABC Certified CDFI will request an SDL Program Award for LLR to mitigate losses on the small dollar loans it provides as it seeks to expand its small dollar loan program. ABC Certified CDFI has a partnership agreement in place with a local FIDI that states it will refer all small dollar loan candidates to the CDFI. ABC Certified CDFI chooses to apply as a partnership with the local FIDI as its partner. ABC Certified CDFI will explain in its narrative and Partnership Agreement how an SDL Program Award for LLR and the referrals from the local FIDI partner will ensure that its strategic goal of increasing small dollar lending is achieved.

Example 2: XYZ Certified CDFI has a strategic goal to provide a new small dollar loan product. XYZ Certified CDFI will request an SDL Program Award for TA to upgrade its technology systems to support a new small dollar loan product. XYZ Certified CDFI has a partnership agreement in place with a Certified CDFI that will provide free financial counseling services to the XYZ Certified CDFI's small dollar loan Applicants. XYZ Certified CDFI chooses to apply as a partnership with the Certified CDFI as its partner. XYZ Certified CDFI will explain in its narrative and Partnership Agreement how an SDL Program Award for TA and the financial counseling provided to potential borrowers and borrowers will support the growth of the new small dollar loan program.

Note: A Certified CDFI Depository Institution Holding Company Applicant that intends to carry out the activities of an Award through its Subsidiary Certified CDFI Insured Depository Institution

should not apply as a partnership. Instead, the Certified CDFI Depository Institution Holding Company should apply as a sole entity.

Questions on Prohibited Practices

(6) The FY 2021 SDL Program NOFA states the SDL Program Awards cannot be used for small dollar loan programs/products with the lending practices and loan characteristics listed in Table 2 of the FY 2021 SDL Program NOFA. How do you know if the Applicant/Recipient is engaging is such practices?

As part of the Application process, all Applicants must attest that their small dollar loan program will not engage in those practices in order to be eligible to continue to complete their Applications. If the Applicant is selected to receive an Award and the CDFI Fund determines as part of its compliance review procedures that the Applicant's small dollar loan program engages in the prohibited practices, the CDFI Fund reserves the right, in its sole discretion, to terminate and rescind the SDL Program Award made under the FY 2021 SDL Program NOFA.

(7) My loan product's policy does not explicitly disallow refinancing before 80% of the principal is repaid, does that mean the loan product would then be considered to have a prohibited practice, regardless of the actual frequency of refinancing?

SDL Program Awards may only be used to support small dollar loan products and programs that meet the requirements as outlined in the FY 2021 SDL Program Statute and NOFA. With respect to SDL Program Awards not supporting small dollar loans programs that engage in excessive refinancing practices, SDL Program Awards will not support small dollar loan programs that allow refinancing before at least 80% of the principal has been repaid. Policies associated with small dollar loans for the SDL Program Award must state that refinancing must not occur before 80% of the principal is repaid. As part of the Application process, all Applicants must attest that their small dollar loan program will not engage in any of the prohibited practices in order to be eligible to continue to complete their Applications. If the Applicant is selected to receive an Award and the CDFI Fund determines as part of its compliance review procedures that the Applicant's small dollar loan program engages in any of the prohibited practices, the CDFI Fund reserves the right, in its sole discretion, to terminate and rescind the SDL Program Award made under the FY 2021 SDL Program NOFA.

Questions on Affiliates and Subsidiaries

(8) How does the CDFI Fund define Affiliate? What is the difference between Affiliate and Subsidiary?

"Affiliate" is defined as any entity that Controls, is Controlled by, or is under common Control with, an entity. "Subsidiary" means any company that is owned or Controlled directly or indirectly by another company.

Organizations that are part of the same organizational family as the Applicant are deemed Affiliates, including the Applicant's parent organization or any other organizations under a common parent. Subsidiaries are only those organizations Controlled by the Applicant.

(9) Is an Affiliate or Subsidiary of my organization eligible to apply for SDL Program funding?

The Applicant entity may be an Affiliate or Subsidiary of the parent organization, but in all cases, the Applicant organization must meet the eligibility requirements itself and may not rely on its parent company, Affiliates or Subsidiaries to meet these requirements. Affiliated organizations may submit only one Application and therefore should be careful in selecting the most appropriate entity as the Applicant in order to carry out the activities and meet the obligations of the SDL Program Award.

(10) If my organization has Subsidiaries or Affiliates, which entity should apply?

If an Applicant and its Affiliate(s) wish to submit an Application, they must do so through one of the Affiliated entities, in one Application; an Applicant and its Affiliates may not submit separate Applications. If Affiliates submit multiple or separate Applications, the CDFI Fund may, at its discretion, reject all such Applications received or select only one of the submitted Applications to deem eligible, assuming that Application meets all other eligibility criteria in Section III of the NOFA.

Furthermore, an Applicant that receives an award in this SDL Program round may not become an Affiliate of another Applicant that receives an award in this SDL Program round at any time after the submission of a SDL Program Application. This requirement will also be a term and condition of the Assistance Agreement.

(11) Can an Applicant reference the activities of its parent company, Affiliates or Subsidiaries when completing the SDL Program Application?

The information in the Application should only reflect the activities of the entity, including the submission of financial and portfolio information that will carry out the proposed award activities. Do not include financial or portfolio information from parent companies, Affiliates, or Subsidiaries in the Application.

(12) May a Recipient transfer its responsibilities under the Assistance Agreement to another entity, Affiliate or Subsidiary?

The responsibilities and obligations of a Recipient under the Assistance Agreement may <u>not</u> be transferred to another entity and must remain the sole responsibility of the Recipient. Also refer to questions 11 and 12 for further clarification.

<u>EXCEPTION FOR CERTIFIED CDFI DEPOSITORY INSTITUTION HOLDING COMPANIES ONLY:</u> The CDFI Fund will provide written permission to any Certified CDFI Depository Institution Holding Company to carry out the activities of an SDL Program Award through its Certified CDFI Subsidiary Depository Institution, as long as the Certified CDFI Subsidiary Depository Institution is specifically identified in the Holding Company's FY 2021 SDL Program Application.

Questions on the Process for Applying for an SDL Program Award

(13) How can my organization apply for an SDL Program Award?

If an organization wants to apply for an SDL Program Award in the FY 2021 Funding Round, it must submit the required Application documents through Grants.gov and the CDFI Fund's Awards Management Information System (AMIS). The CDFI Fund will not accept Applications via e-mail, mail, facsimile, or other forms of communication, except in extremely rare circumstances that have been pre-approved in advance by the CDFI Fund. Only the Authorized Representative or Application Contact Person designated in AMIS may submit the Application through AMIS.

Application materials must be submitted by the deadlines below:

FY 2021 SDL Program Deadlines for Applicants

Document	Deadline	Time – Eastern Time (ET)	Submission Method
SF-424 Mandatory Form	May 28, 2021	11:59 pm ET	Electronically via Grants.gov
Create an AMIS Account (if Applicant does not already have one)	May 28, 2021	11:59 pm ET	Electronically via AMIS
SDL Program Application and Required Attachments	June 29, 2021	5:00 pm ET	Electronically via AMIS

For more specific information about the content and form of Application submission, reference the FY 2021 SDL Program NOFA and the FY 2021 Application Instructions document.

Applicants must be registered in the System for Award Management (SAM), the award management system of the U.S. General Services Administration. Registration is a pre-requisite to applying for an SDL Program Award. For more information on SAM registration, see the Application Instructions document at https://www.cdfifund.gov/sdlp and visit SAM.gov. In order to submit an SF-424 in Grants.gov, an Applicant must have a current and valid DUNS number and EIN, as well as an active SAM registration.

In addition, if you have not already done so, the CDFI Fund strongly encourages Applicants to start the Grants.gov and AMIS registration processes as soon as possible. For specific guidance on registering in Grants.gov, please visit Grants.gov. For specific guidance on using AMIS, see the AMIS homepage: https://amis.cdfifund.gov. Please note the deadlines in the chart above related to Grants.gov and AMIS.

Multiple Applications from one organization (including its Affiliates and Subsidiaries) are not permitted. If an Applicant submits multiple SF-424s in Grants.gov, the CDFI Fund will only review the SF-424 submitted in Grants.gov that is attached to the AMIS application. Applicants may only submit one Application through AMIS. Only those attachments requested by the CDFI Fund will be considered during the Application review process.

Each Applicant will receive an e-mail from Grants.gov immediately after submitting the SF-424 confirming that the submission has entered the Grants.gov system. This e-mail will contain a tracking number for the submitted SF-424. Within 48 hours, the Applicant will receive a second e-mail that will indicate if the submitted SF-424 was either successfully validated or rejected with errors. However, Applicants should not rely on the e-mail notification from Grants.gov to confirm that their SF-424 were validated. Applicants are strongly encouraged to use the tracking number provided in the first e-mail to closely monitor the status of their SF-424 by contacting the helpdesk at Grants.gov directly. If an Applicant has any questions related to the registration or submission process in Grants.gov or SAM.gov, it should contact these systems directly. The CDFI Fund does not manage Grants.gov or SAM.gov and is unable to respond to any questions related to these systems.

(14) What is the SF-424 field in the AMIS Application asking for, and when must I update this field?

This field links your completed SF-424 to your AMIS Application. Once the Applicant completes the SF-424 Mandatory Form in Grants.gov, AMIS retrieves and stores it locally as a document in the AMIS document library. The identifier on the SF-424 Forms is your Assigned Grant Tracking Number, issued by Grants.gov. You can find and view the SF-424 Forms in the look-up field on next to the SF 424 field in the Application Information section. Searching for GRANT* will display the list of SF-424 forms.

Before submitting the AMIS Application, the Applicant must select and link the correct SF-424 document in this field from the AMIS local document library since it is possible that some organizations may have submitted multiple SF-424 forms. In the case of multiple SF-424 submissions, the Applicant should select the most recently submitted SF-424 for the SDL Program. Please ensure that you attach an SF-424 as part of your FY 2021 SDL Program Application. Failure to attach the appropriate SF-424 could result in the Application being deemed ineligible.

(15) Does the award request amount we indicated in the SF-424 commit us to that amount in the SDL Program Application in AMIS?

No. The award amount requested submitted in the SF-424 in Grants.gov is an estimate. Ultimately, only the amount submitted in the AMIS SDL Program Application will be considered.

(16) Will the information that I provide in my SDL Program Application be available to the general public?

The CDFI Fund does not publish proprietary or confidential information submitted by Applicants as a general practice. However, any information submitted by Applicants in Applications is subject to the Freedom of Information Act (FOIA) (5 U.S.C. 552, *et seq.*) and other federal laws and regulations. In general, FOIA makes federal agency records available to the public, unless the information requested is exempt from disclosure. Trade secrets and commercial or financial information submitted by Applicants may be exempt from disclosure pursuant to the FOIA. Applicants should consult their legal counsel for further guidance on this matter.

Should the Applicant be selected to receive an SDL Program Award, the CDFI Fund reserves the right to publish the Applicant's response to select questions in the Applicant Information, Business & Strategy, and Community Impact sections.

(17) In addition to the Application Form, what additional attachments are required as part of the Application?

Table 2 of the SDL Program Application lists the required funding Application documents for the FY 2021 SDL Program Round. Applicants must submit all required documents for the Application to be deemed complete.

Additional information may be required or requested by the CDFI Fund during the Application review process.
All Application materials are submitted through the AMIS portal and must be received by the deadline provided.

(18) Am I required to complete and submit the Applicant Financial Data Input Excel Workbook as an attachment to my Application in AMIS?

No. The Application Financial Data Input Excel Workbook is for reference only, and is provided as a tool for Applicants to organize their financial data inputs. **Applicants must enter all required financial data directly into the Application in AMIS**. **Applicants cannot submit the workbook as part of the Application.** If an Applicant attaches an Application Financial Data Input Excel Workbook to its SDL Program Application in AMIS, it will not be reviewed by the CDFI Fund.

(19) Is the FY 2021 SDL Program Application information available as a webinar?

Yes, all Power Point presentations from the application webinars conducted by the Small Dollar Loan Program team will be posted on the CDFI Fund's website within a few days following the webinars. The following materials are also available on the website: FY 2021 SDL Program Notice of Funds Availability (NOFA); FY 2021 SDL Program Application Instructions; and FY 2021 SDL Program Supplemental Guidance. For links to these materials, see the "Step 2: Apply" section of the SDL Program webpage at www.cdfifund.gov/sdlp.

(20) Can a Consultant sign an Application?

No, consultants working on behalf of the Applicant cannot sign the Application. However, the Applicant may include consultants as Application point(s) of contact in the Application.

Only an Authorized Representative, listed under the organization contacts in AMIS, may sign and submit an Application. An Authorized Representative is an officer, or other individual, who has the authority to legally bind and make representations on behalf of the Applicant. An organization's consultant cannot be an Authorized Representative.

While the Authorized Representative must sign the Application in AMIS before the Application can be submitted, either the Authorized Representative or an Application point of contact can submit the Application in AMIS.

Please note that the Authorized Representative and/or Application point(s) of contact must be included as "Contacts" in the Applicant's AMIS account. The Authorized Representative must also be a "user" in AMIS. An Applicant that fails to properly register and update its AMIS account may miss important communications from the CDFI Fund or fail to submit an Application successfully.

(21) How do I locate my Organization's SF-424 Mandatory Form in AMIS?

An AMIS Administrator will retrieve the SF-424 Mandatory Form from Grants.gov subsequent to the Grants.gov SF-424 Mandatory Form deadline and make the document available for the Applicant to attach it to the FY 2021 SDL Program Application in AMIS. As soon as the SF-424 Mandatory Form is available in AMIS (typically within 24 hours), the Applicant will be able to search for the SF-424 Mandatory Form within the SDL Program Application. It is the Applicant's responsibility to look up an Organization's SF-424 Mandatory Form from their Organization Detail page in AMIS and attach it to their SDL Program Application.

Questions on Targeted Investment Areas

(22) Are all Applicants required to provide a Targeted Investment Area Attestation?

No. If the Applicant is applying as a partnership with a FIDI, the FIDI partner must complete the Qualified Federally Insured Depository Institution Partnership Attestation Form attesting that it has a primary mission to serve targeted Investment Areas. The designated lead Certified CDFI of the partnership will submit the attestation form as part of their AMIS online Application submission. Certified CDFI partners are not required to complete this form. This form is included in the FY 2021 SDL Program Application.

Questions on SDL Program Eligible Activities

(23) May I use the SDL Program Award to make direct small dollar loans to consumers?

Per the SDL Program statute (12 U.S.C. § 4719) (Statute), SDL Program grants cannot be used to provide direct loans to consumers.

(24) May I apply for an LLR Award and TA Award in a single application?

Per the Statute, only a Certified CDFI that applies alone (i.e. not as a partnership) may apply for both an LLR Award and TA Award in a single application. If selected for an SDL Program Award, the Recipient's approved authorized eligible activities will be specified in the Assistance Agreement.

(25) Is an SDL Program Recipient allowed to use an SDL Program Award in conjunction with awards under other programs administered by the CDFI Fund?

An SDL Program Recipient ~~is allowed to~~ may be able use an SDL Program Award in conjunction with awards under other programs administered by the CDFI Fund unless otherwise prohibited by such programs. However, SDL Program Recipients may not count the qualifying small dollar loans made to meet their SDL Program PG&Ms for PG&Ms for other CDFI Fund awards.

Please note that, an SDL Program Award Recipient must use SDL Program Award funds only for the eligible activities as described in Section II.C and Section II.E of the FY 2021 SDL Program NOFA and its Assistance Agreement.

(26) Does the FY 2021 SDL Program NOFA require that I commit a percentage of the SDL Program Award so that my small dollar loan program makes small dollar loans to borrowers in Persistent Poverty Counties (PPCs)?

No. However, the SDL Program is subject to the 10% PPCs requirement. Award sizes will be adjusted, if needed, to award SDL Program grants to Applicants located in PPCs.

(27) My organization makes loans of $2,500 or less to businesses but not to consumers. Can we use an FY 2021 SDL Program Award for these loans?

No, per the SDL Program statute, SDL Program Awards can only support small dollar loan programs that make small dollar loans to consumers.

(28) My organization makes small dollar loans to consumers in excess of $2,500, as well as loans that are $2500 or less as required by the SDL Program statute. Am I eligible for an SDL Program Award?

Yes, however, as a condition of the Assistance Agreement, Recipients may only use awards to support small dollar loans that are $2,500 or less and meet the other statutory requirements, and must report only on those small dollar loans to demonstrate compliance with their Performance Goals and Measures (PG&Ms).

(29) My organization makes small dollar loans but does not currently have capacity to report borrower payments to consumer reporting agencies. May I use an SDL Program Technical Assistance (TA) Award to gain the ability to do this?

Reporting to credit agencies is an eligible SDL Program TA Award expense under Development Services.

(30) My organization offers loans greater than $2,500. May I prorate staff salary for an SDL Program TA Award based on the percentage of portfolio that is loans below $2,500?

Yes, you may allocate partial staff resources.

(31) If I receive an SDL Program Award, will I be eligible to apply for and receive awards from other CDFI Fund programs?

The SDL Program statutory requirements do not prohibit SDL Program Applicants and Recipients from applying for and receiving funding from other programs administered by the CDFI Fund,

unless otherwise prohibited by such programs. However, SDL Program Applicants and Recipients should pay careful attention to the requirements of other programs. For example, the language in the BEA Program's regulations at 12 C.F.R. § 1806.102(b) prohibits transactions made from other CDFI Fund programs or Federal programs from counting as Qualified Activities.

Questions on Community Impact

(32) Question 7 in the Application provides a set of impacts for the Applicant to address. How will this be evaluated in the application review process by the SDL Program?

Question 7 in the Application provides a list of impacts for Applicants to address through their strategy narrative.

In the review process, the CDFI Fund will consider how well the Applicant's strategy and activities align with the impacts; the extent to which the Applicant demonstrates how its strategy and activities will result in the desired impacts; and of particular interest, how the Applicant will measure the results. Evidence, in the form of research studies or the Applicant's own data, should be shared if a correlation between the planned activities and the expected impact can be documented. Applicants should only address the impacts that best fit their SDL Program strategy. You will not be scored more favorably for the choice selected or for selecting more than one impact. Instead, you will evaluated based on the quality of your strategy and supporting evidence for achieving and measuring the impacts you select.

Questions on Application Tables and Attachments

(33) How should I complete the fields within Tables in Appendices 1 through 5 if certain fields are not relevant to the Applicant?

Fields within each of these Tables are mandatory fields. An Applicant should enter "0" for any fields that do not apply to the Applicant in order to have AMIS recognize that the table is complete.

(34) Which audits should I submit with my Application?

The Applicant should submit audits for the three (3) most recently completed fiscal years prior to the date of the NOFA. For the most common fiscal year ends the following audits would be expected:

Most Recent Fiscal Year End Date	Required Financial Information
03/31 *or* **6/30** *or* **9/30 *(with final FY 2020 Audited Information)***	• FY 2018, FY 2019, and FY 2020 audited financial information entered as historic years. Thus, FY 2020 is the "most recent historic year", also called Historic Year 1 in AMIS. • FY 2021 financial information, as of December 31, 2020, entered as the current year.
9/30 *(without final Audited Information)* *or* **12/31 *(with or without final FY 2020 Audited Information)***	• FY 2017, FY 2018, and FY 2019 audited financial information entered as historic years. Thus, FY 2019 is the "most recent historic year", also called Historic Year 1 in AMIS. • FY 2020 financial information, as of December 31, 2020, entered as the current year.

In general, the CDFI Fund expects that Applicants will have a completed audit within six (6) months of the fiscal year end. If the most recently completed fiscal year end is less than six (6) months before the AMIS Application deadline or the audit is delayed, the Applicant should submit the three (3) most recently available audits. The CDFI Fund will reach out and request the more recent audit during the review process, if necessary, before making final award determinations.

(35) Can CDFI banks (the bank itself, not the holding company) submit call reports instead of audited financials?

Certified CDFI Insured Depository Institutions can provide call reports as an alternative to Audited Financial Statements.

(36) Who prepares the Management Letter and which Applicants need to submit a Management Letter?

The Management Letter is prepared by the Applicant's auditor and is a communication on internal controls over financial reporting, compliance, and other matters. Please review the additional guidance and sample Management Letter in the Appendices of the FY 2021 SDL Program Application Instructions at https://www.cdfifund.gov/sdlp/.

All Applicants that are required to submit Audited Financial Statements are also required to submit a Management Letter (or a Statement in Lieu of Management Letter if the Management Letter is not available) for their most recent historic fiscal year. Please see Table 6 in the FY 2021 SDL Program NOFA for which Applicant types are required to submit a Management Letter or Statement in Lieu of Management Letter, and for more detailed information on the required content of the Management Letter and Statement in Lieu of Management Letter.

(37) My Certified CDFI is a Regulated Institution. How does the information on my organization's call reports relate to the financial information requested in the financial sections of the Application?

The CDFI Fund has additional guidance to crosswalk the financial data inputs to the respective call reports (UBPR or 5300). Please review the Application Financial Data Appendix in the SDL Program Application for additional information.

(38) What factors should I consider when completing the Tables in Appendix 1 and Appendix 2?

- *Appendix 1 (Table 1a):* The purpose of this table is to understand the terms and loan product structures for small dollar loan products that currently meet the statutory requirements that are described in the FY 2021 SDL Program NOFA. For example, an organization may describe different small dollar loan products such as credit builder loans, or emergency loans in this table.
- *Appendix 1 (Table 1b):* The purpose of this table is to understand the terms and loan product structures for small dollar loans that do not meet the statutory requirements that are described in the FY 2021 SDL Program NOFA but these small dollar loan products are unsecured, do not exceed $10,000, and have a maturity less than three years. For example, you should provide information in Table 1b on small dollar loan products that do not report borrower payments to credit agencies.
- *Appendix 2 (Table 2a):* The purpose of this track record table is to understand the existing small dollar loan program portfolio, as described in Table 1a, that currently meet the statutory requirements that are described in the FY 2021 SDL Program NOFA. Applicants may elect to report individual small dollar loan products separately or on a portfolio/combined basis
- *Appendix 2 (Table 2b):* The purpose of this table is for the Applicant to provide information on its track record of making other short-term unsecured loans, as described in Table 1b. Applicants may elect to report individual other short-term unsecured loans separately or on a portfolio/combined basis. The loan products and programs represented in this table(s) should be similar/relevant to the proposed activities that the SDL Program Award will support.
- *Appendix 2 (Table 2c):* This projection table should only contain data for activities to be undertaken as a result of the Applicant's requested SDL Program Award. This table will be used to determine PG&Ms and award size.

(39) My organization offers various small dollar loan products. May I group our small dollar loan products and report on their track records in one track record table (2a) rather than having to report on the track record of each product in separate track record tables? May I also do the same for Other Short-Term Unsecured Loan Products (Table 2b)?

The Track Record tables (Table 2a and Table 2b) should match to what will be presented in the Projections Table (Table 2c).

Example: Organization ABC offers 3 different loan products (credit builder loans, signature loans and emergency loans) which all meet the SDL Program statutory requirements. The organization may combine the products into one submission under Table 2a to demonstrate track record. However, the organization should use the narrative section (question 11) to explain if the organization will use the SDL Program Award for one particular product to make clear why the track record and projections may differ.

(40) My organization does not have a dedicated loan loss reserve account for loans below $2,500. How should I account for loan loss reserves in the Track Record charts (2a and 2b)?

You may use an estimate in the Track Record charts but it should be noted in the narrative for question 11 that an estimate is being used.

(41) My organization wants to apply for an SDL Program Award to use for a LLR Award. How should I calculate the Award amount based on my projections?

An Applicant may apply for an SDL Program Award to use for LLR that will be based on the Applicant's 3-year Projected Total to be closed On-Balance Sheet small dollar loans. The Applicant may request up to 20% of the Applicant's "3 Year Projected Total to be closed for On-Balance Sheet Small Dollar Loans "as represented in Table 2c of the Application. Table 2c should not include future lending activity that will leverage other CDFI Fund program awards, such as a CDFI Program Financial Assistance Award or Rapid Response Program Award. The Applicant should discuss how the LLR as represented in Table 2c was projected in the narrative sections of the Application.

Example:

	Year 1	Year 2	Year 3	3 Year Total
Closed Loans (#)	200	250	275	
Closed Loans ($)	300,000	375,000	412,500	**$ 1,087,500**

Loan Loss Reserve %	10%
Eligible LLR Award	$ 108,750

(42) Please provide guidance on how to complete the Troubled Debt Restructuring versus Loan Workouts Completed in Appendix 2: Tables 2a, 2b and 2c

After determining there is overlap between the line items, the CDFI Fund will review only the Troubled Debt Restructuring line item. Please insert "0" where Loan Workouts Completed are requested in Tables 2a, 2b and 2c. This additional guidance is being made to clarify how to report on loans between the two categories.

The definition of Troubled Debt Restructuring is as follows:

The total dollar amount ($) of all debt restructured during the reporting period by a creditor for economic or legal reasons related to the debtor's financial difficulties and/or inability to pay and perform as agreed.

Questions on Award Announcement, Assistance Agreement, Performance Goals and Measures

(43) When is the anticipated Award announcement and anticipated start date for the Period of Performance?

The CDFI Fund anticipates making SDL Program Award announcements before the end of FY 2021. The period of performance for the FY 2021 SDL Program Awards will start on the date of the Award announcement.

(44) Is there a contract or agreement between the CDFI Fund and the Award Recipient when an Award is made? What terms and conditions must SDL Program Award Recipients comply with?

Each Applicant selected for an SDL Program Award must enter into an Assistance Agreement with the CDFI Fund in order to receive its award. The Assistance Agreement includes both specific requirements related to the Recipient as well as requirements and obligations applicable to all Recipients. The terms and conditions set forth in an Assistance Agreement include, but are not limited to, the following:

- The amount of the SDL Program Award;
- The approved uses of the SDL Program Award;
- Performance goals and measures; and
- Reporting requirements for all Recipients.

(45) If a Recipient receives a both an SDL Program TA Award and an LLR Award, can the Recipient use a portion of the LLR Award for eligible TA Award uses?

Award use is governed by the SDL Program Assistance Agreement. A Recipient that receives an LLR Award and a TA Award will not be able to use any portion of their LLR Award for eligible TA Award uses or vice versa.

Please refer to the FY 2021 SDL Program NOFA for further detail on eligible uses of SDL Program TA and LLR Awards.

(46) What are the Performance Goals and Measures (PG&Ms)?

PG&Ms will be based on the Award request and projections of closed loans during the Period of Performance. Per the FY 2021 SDL Program NOFA, the final PG&Ms will be set forth in the FY 2021 SDL Program Assistance Agreement. PG&Ms will differ by Recipient, but will be based on the following:

- All Recipients (TA, LLR, and Combined) must close small dollar loans based on three-year projected small dollar loans to be closed as proposed in Application. The projections must demonstrate an increase in small dollar loan lending. The amount may be adjusted based on Award size.
- The TA Award must be expended in one or more of the seven eligible activity categories before the end of the Period of Performance.
    a) TA Award Recipient that will use the TA Award to launch a new small dollar loan program must expend 50% of the Recipient's first payment amount by the second year of the Period of Performance on eligible activities to start a new small dollar loan program and expend 100% of the total award amount by the Period of Performance end date on eligible activities to start a new small dollar loan program.
    b) TA Award Recipients that will use the SDL Program Award to expand an existing small dollar loan program must expend 75% of the Recipient's first payment amount by the end of the first year of the Period of Performance on eligible activities to expand an existing small dollar loan program and expend 100% of the total award amount by the Period of Performance end date on eligible activities to expand an existing small dollar loan program.

As a condition of the Award, LLR Award Recipients will be required to demonstrate proof of tracking of the LLR associated with their small dollar loan program that makes small dollar loans to consumers that meet the statutory requirements as defined in the FY 2021 SDL Program NOFA. **Note:** There is no longer a time frame to expend LLR Awards. It is expected that LLR will be fully allocated over the course of the Period of Performance in conjunction with increased small dollar lending volume.

(47) If my organization receives an Award, are we locked into PG&Ms based on the projections in our Application, or is there an opportunity to request changes to our PG&Ms later?

Prior to executing the Assistance Agreement, the CDFI Fund may, in its discretion, allow Recipients to request changes to certain performance goals and measures. The CDFI Fund, in its sole determination, may approve or reject these requested changes or propose other modifications, including a reduction in the Award amount. The CDFI Fund will only approve performance goals and measures if it determines that such requested changes do not undermine the competitive process upon which the SDL Program Award determination was made. Any modifications agreed upon prior to the execution of the Assistance Agreement will become a condition of the Award.

If the Recipient fails to comply substantially with the Assistance Agreement, the CDFI Fund may:

a) Require changes in the performance goals set forth in the Assistance Agreement;
b) Reduce or terminate the SDL Program Award; or
c) Require repayment of any SDL Program Award that has been distributed to the Recipient.

(48) Are Recipients required to close small dollar loans within a Target Market?

The SDL Program does not require that SDL Program Award Recipients make loans to consumers in their Target and/or Eligible Markets. However, because SDL Program Award Recipients are Certified CDFIs, a condition to maintain their CDFI Certification status is that 60% of all Financial Products and Services are deployed to the Certified CDFI's Target Market.

(49) Can loans that are counted for SDL Program PG&Ms be counted for compliance purposes for other CDFI Fund awards, such as the PG&Ms related to the Community Development Financial Institutions Program (CDFI Program), Bank Enterprise Award Program (BEA Program) or Rapid Response Program (RRP) Awards?

SDL Program Recipients may not count the qualifying small dollar loans made to meet their SDL Program PG&Ms for PG&Ms for other CDFI Fund awards.

Contact Information

(50) Who can I contact if I have more specific questions?

Topic of Question	Contact
SDL Program Application content questions	CDFI Fund Program Staff - *Submit an AMIS Service Request in AMIS, e-mail sdlp@cdfi.treas.gov, or call 202-653-0421*
CDFI Certification questions, compliance with previous award, assistance or allocation agreements	CDFI Fund CCME Staff - *Submit an AMIS Service Request in AMIS, e-mail ccme@cdfi.treas.gov, or call (202) 653-0421*
CDFI Fund IT Support (AMIS)	CDFI Fund IT Staff *First submit a Service Request in AMIS, e-mail AMIS@cdfi.treas.gov, or call (202) 653-0422*

The CDFI Fund will respond to Application-related questions between the hours of 9:00 a.m. and 5:00 p.m. ET, through June 25, 2021. You may contact the CDFI Fund with programmatic questions until 5:00 pm ET, on June 25, 2021. After such time, the CDFI Fund will no longer respond to such questions until after the SDL Program Application deadline has passed. The CDFI Fund will be able to respond to IT questions until the Application deadline (5:00 pm ET, June 29, 2021).

A Service Request is the preferred way to contact the CDFI Fund. To submit a Service Request, you need an AMIS user account. See the following question as to how to submit a Service Request.

(51) How can I submit a Service Request in AMIS to ask Application-related questions?

For general guidance on how to submit a Service Request, see the AMIS Service Request Quick Reference Guide.

When submitting a Service Request for an SDL Program Application question, follow these steps:

a. Log into your AMIS account
b. Click on the "Service Requests" tab at the top
c. Click on the "Create New Service Request" button
d. Select "SDL Program" for the Program in the dropdown.
e. Complete the "Requested By Date"
f. Enter a short Subject in the format "SDL Program Application – [question topic]".
g. Provide a Description of your question or issue.
h. Click the "Submit" button.

Be aware that selecting the incorrect Program for your Service Request could result in delays in your Service Request being processed.

Miscellaneous

(52) How will my FY 2021 SDL Program Application be evaluated?

For information on how Applications are evaluated, please review the FY 2021 SDL Program NOFA found on the CDFI Fund's website at https://www.cdfifund.gov/sdlp.

* * * *

More detailed Application content requirements are found in the FY 2021 SDL Program Application and NOFA. In the event of any inconsistency between the contents of this Q&A document, the NOFA, the FY 2021 SDL Program Application, and the Statute that created the SDL Program: Title XII – Improving Access to Mainstream Financial Institutions Act of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (P.L. 111-203), which amended the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. § 4719), the provisions of the Statute shall govern.