



FY 2021 Capital Magnet Fund Recipient Training Webinar

**Overview of the FY 2021 CMF Assistance Agreement
and Compliance Requirements**

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

www.cdfifund.gov

Training Goals



At the conclusion of the webinar, participants will understand:

1. How to execute the Assistance Agreement and receive Payment of your Award.
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 2021 CMF Assistance Agreement.

Assistance Agreement is Your Contract



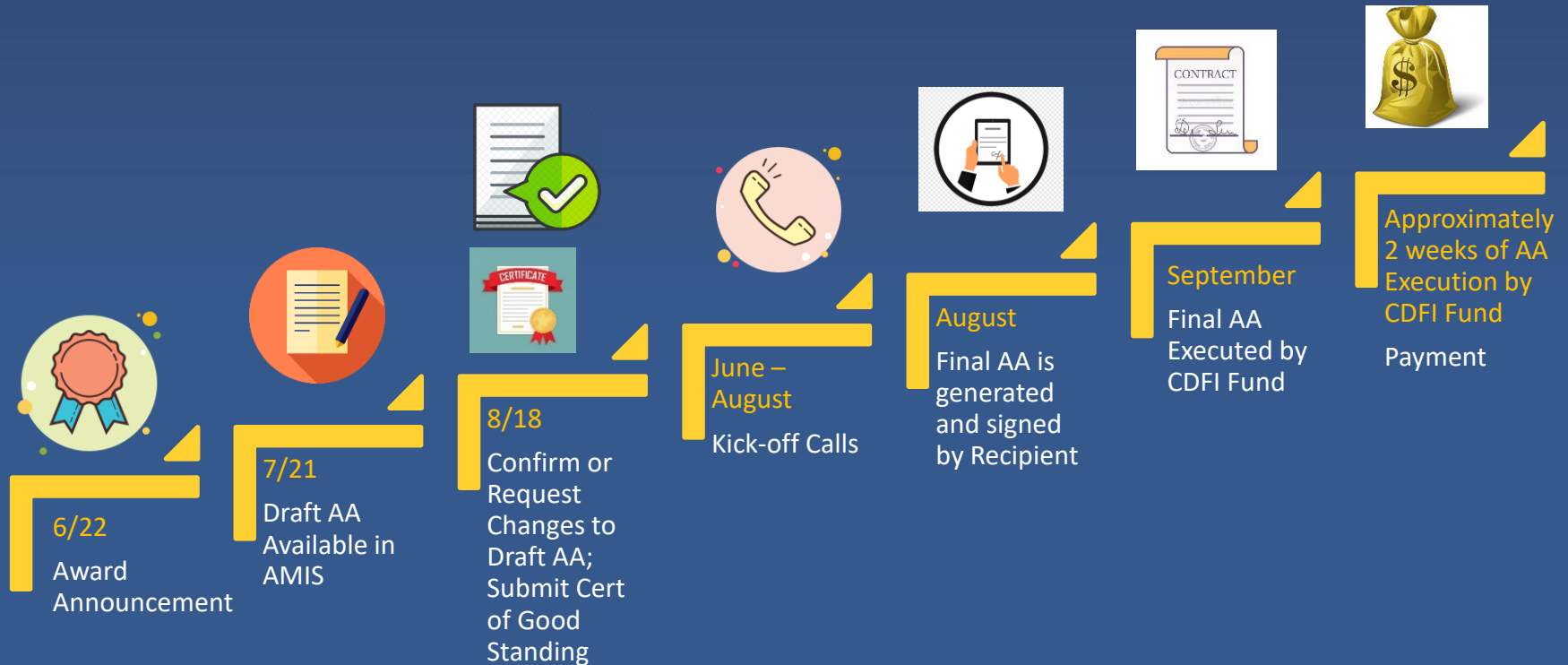
- The Assistance Agreement is a binding legal contract.
- By signing the Assistance Agreement, you agree to its terms and conditions and the requirements of the CMF Interim Rule (12 C.F.R. 1807).
- The specific Performance Goals in the Assistance Agreement may be different than what was proposed in your Application.
- **Caution:** Do not assume that everything proposed in your Application is permissible under the Program rules. Not sure?...Please ask us for guidance!
- 2021 Assistance Agreement ≠ 2020 Assistance Agreement
- This presentation is NOT a substitute for reviewing the Assistance Agreement.

Agenda



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

Award Closing Timeline



Key Dates and Steps



July 21: Draft Assistance Agreements available in AMIS (notification will be sent when it's available). Please read the draft thoroughly and carefully.

August 18:

1) 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, unit production goals, or a two-Payment option. Note that changes that impact the competitiveness of your Application will not be considered.
- Substantive change requests may involve a discussion with CMF staff 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.

2) Upload your organization's Certificate of Good Standing (COGS) or legal opinion, whichever is applicable, to AMIS.

- COGS must be dated within 180 days prior to the Effective Date (no earlier than 6/1/2022).
- Legal opinion must be submitted prior to Closing.

Key Dates and Steps (Continued)



June - August: The CMF Program and compliance staff will begin kick-off calls with Recipients to ensure there is a good understanding of the Assistance Agreement and program requirements. Some calls may occur after the Agreement is executed. A kick-off call with all first time Recipients will take place during this time period. For prior round CMF Recipients, kick-off calls will continue into the late summer.

July: Draft Assistance Agreements will be available for your review.

August: The CDFI Fund plans to notify Recipients that the final version of the Assistance Agreement is available in AMIS for review. The Authorized Representative should digitally sign the final 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.

September: Recipients should anticipate the CDFI Fund to execute the Assistance Agreement in September. Investment Period begins upon the CDFI Fund's execution of the Assistance Agreement, the Effective Date.

- **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 **August 18**.

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 2021 Recipients.
 - Opting into a two-Payment option
- Changes to Schedule 2 can not be requested.
- Request changes ASAP, but no later than **August 18**. 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 **August 18**.

Payment of the CMF Award



As specified in the FY 2021 CMF Notice of Funding Availability, CMF Award Recipients have the option to request their Award in one or two Payments.

Payment Amount

- By default, all Assistance Agreements assume a Lump Sum Payment amount equal to the total grant.
- To request two Payments, you must request a change via a service request in AMIS (see next slide for additional information).

All Payments

- CMF Awards will be paid after conditions in Section 3.7 of the Assistance Agreement have been met.
- Awards should be kept in an interest bearing account until expended.
- Recipients with prior CDFI Fund awards/allocations will be assessed for compliance and certification requirements in order to receive Payment.
- For all prior CDFI Fund Award Recipients/Allocatees/Borrowers – Be sure to submit your reports for your open agreements during the closing period!

Requesting Changes to Draft Assistance Agreement: Two-Payment Option



To request two Payments instead of a Lump Sum Payment amount, you must request a change via a Service Request in AMIS on or before August 18, 2022.

Two-Payment Requirements

- The Initial Payment amount must be **(a) no less than 50% of the total grant, and (b) no more than 90% of the total grant.**
- The Subsequent Payment amount will equal the balance of the Total Grant not paid out in the Initial Payment amount and will be automatically calculated.
- If you select two Payments, you will be required to submit a Subsequent Payment Request. The deadline to submit the request in AMIS is 10 months after the Effective Date of the Assistance Agreement. You must meet all of the CDFI Fund's requirements outlined in Section 3.7 of the Assistance Agreement to receive a Subsequent Payment.
 - *Subsequent Payments require a second Certificate of Good Standing to be provided when requesting the second Payment.*
- All Subsequent Payments are subject to CDFI Fund compliance review on existing open agreements and approval.

Certificate of Good Standing Submission Procedure



See Schedule 3 for substantive requirements for certificates.

- Certificate should be **dated June 1, 2022 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 if their state does not normally provide these. Instead, a legal opinion from counsel can be submitted. See Schedule 3-B of the Assistance Agreement for template.

By August 18: Submit the Certificate of Good Standing or Legal Opinion (if applicable)

1. Obtain an electronic copy of Certificate of Good Standing or Legal Opinion;
2. In AMIS, navigate to the 2021 Award record; and
3. Click the “Related” tab, scroll down to “Notes & Attachments” section, click on “Upload Files,” and upload the Certificate of Good Standing or Legal Opinion.

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

Kick-off Calls!



What: All new and some returning Recipients will be expected to participate in a kick-off call prior to the execution of their Agreement.

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 2021 CMF Award. Update your award contacts in AMIS if needed.

Why:

- To ensure Recipients understand the 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.

Signing Your Assistance Agreement



- The Assistance Agreement must be signed by an Authorized Representative listed and active in the Recipient's AMIS account.
- All Authorized Representatives must have the legal authority to enter into the Assistance Agreement and their titles must reflect a leadership position with the authority to sign on behalf of the Recipient's organization.
- Consultants cannot sign the Assistance Agreement on behalf of the Recipient's organization

Signing Your Assistance Agreement



Recognized Authorized Rep. Signatory Titles	Authorized Rep. Titles Requiring Follow-up
<ul style="list-style-type: none">• Any C-Suite position• Chief Executive Officer• Chief Financial Officer• Chief Operating Officer• President/Vice President• Partner (Venture Capital Funds)• Compliance Manager/Supervisor (or related position)• Senior Accountant or any senior-level title• Director• Board Officer• Board Chair• Chairman• Chairperson• Vice Chair (Vice Chairman, Vice Chairperson)• Treasurer• Board Secretary• Manager• Or any similar titles that reflect the incumbent authority within the organization	<ul style="list-style-type: none">• Assistant/Executive Assistant• Secretary/Receptionist• Loan Officer• Community Development Officer• Intern• Analyst• Board Member• Associate Treasurer• Associate Director• Secretary• Comptroller• Controller• Staff Accountant <p><i>NOTE: Consultants are not allowed to sign on behalf of an organization.</i></p>

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 2021 CMF Award in AMIS).

Agenda



1. The “How-to” of Closing and Payment
2. **Overview of Assistance Agreement**
3. Understanding Customized Performance Goals
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Assistance Agreement Overview



- **Recipients should read the entire Assistance Agreement.**
 - Recipients with awards from multiple funding rounds should read each Agreement closely, as terms and conditions change from year to year.
 - Recipients must adhere to reporting requirements, Performance Goals, and associated deadlines for each Assistance Agreement.
- **Recipients should keep a copy of their Assistance Agreement on file.**
 - Once executed, Recipients can find a copy of the Assistance Agreement in their organization's 2021 CMF Award record, which is stored in AMIS.
- **Recipients should create a calendar reminder with due dates for reports.**
 - Recipients may use the reporting schedule in AMIS to find the report due dates.

Structure of Assistance Agreement



Assistance Agreement includes the following components:

Signature Page: Contains signatures, Effective Date, Award amount, and Lump Sum Payment amount or the Initial Payment amount and Subsequent Payment amount (for those opting for two Payments and approved by the CDFI Fund), as well as 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 applicable to all Recipients

Schedule 3:

3-A. Certificate of Good Standing

3-B. Legal Opinion

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

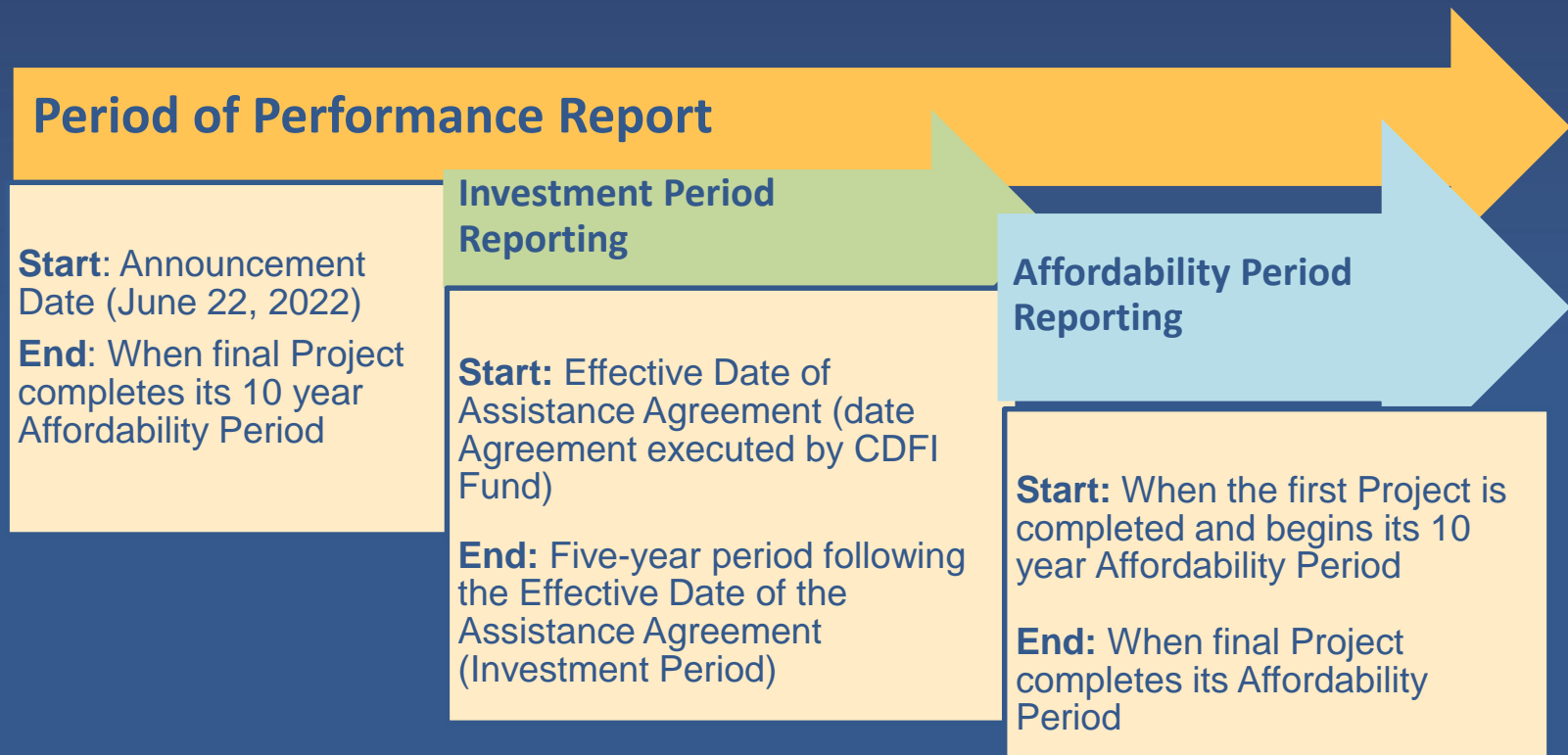
1-B. Annual Report - High-level annual reporting requirements.

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 2021 Awards available by September 1, 2022. 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 includes a list of Material Events

Compliance with Schedules 1 & 2



- The CDFI Fund expects Recipients to fulfill all terms and conditions set forth in the Assistance Agreement and meet deadlines therein.
- Throughout the Period of Performance of the Assistance Agreement, Recipients are required to report their use of CMF Award funds. This reporting data will be used to evaluate compliance with the terms and conditions of the Assistance Agreement.
 - Recipients that meet all terms and conditions of the Assistance Agreement will be deemed compliant.
 - Recipients that fail to meet the terms and conditions of the Assistance Agreement will be deemed noncompliant.

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Snapshot of Significant FY 2021 AA Changes

FY 2020

FY 2021

Rental: Geographic Targeting Performance Goal

% of Affordable Housing (AH) units located in Areas of Economic Distress (AED)

% of AH Units located in AED and/or High Opportunity Areas

Homeownership: Income and Geographic Targeting Performance Goal

% of AH units for Low-Income Families (up to 80% of the AMI)

% of AH units for
(A) Families with incomes above 80% and no greater than 120% of AMI located in AED; or

% of AH units located in AEDs (Rental and Homeownership combined)

(B) Low-Income Families (up to 80% of the AMI); or
(C) a combination of A and B.

Service Areas Restrictions

All CMF Activity had to be in designated Service Area

- 1) 15% of CMF Award can be used outside of Service Areas;
- 2) All Program Income can be used outside of Service Area at Recipient's discretion.

Commitment Deadlines

Standard commitment Deadline of two (2) years after Effective Date

- 1) Lump Sum Payment or Initial Payment has commitment Deadline of two (2) years after Effective Date;
- 2) If applicable, Subsequent Payment has commitment Deadline of 3 Years after Effective Date.

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 (five (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) and 5.2(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 - % of Affordable Housing units for (A) Families with incomes above 80% and no greater than 120% of AMI located in Areas of Economic Distress; or (B) Low-Income Families (up to 80% of the AMI); or (C) a combination of A and B.
 - **NOTE:** *Greater than 50% of Eligible Project Costs must be attributed to Low-Income Families.*
 - *If a Recipient intended to hit their Homeownership portfolio-level target exclusively with Option A (for example, 100% AMI and in AED), they may fail this requirement.*

✓ What you Need to Know:

- These Performance Goals will be measured based on the number of units financed 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.
 - Requires deed restriction.
 - 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

- **Homeownership** - % of Affordable Housing units for (A) Families with incomes above 80% and no greater than 120% of AMI located in Areas of Economic Distress; or (B) Low-Income Families (up to 80% of the AMI); or (C) a combination of A and B.
- **Rental** - % of Affordable Housing Units located in Areas of Economic Distress and/or High Opportunity Areas.
- **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 the end of the Investment Period.
- Use the CDFI Fund's [Community Impact Mapping System](#) to check for Areas of Economic Distress, High Opportunity Areas, Low-Income Areas, and Rural Areas. Alternatively, use the [excel data set version](#).
- Low-Income Areas requirement applies only to EDA.
- The Recipient must 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 upon request. 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:**
 - Up to 15% of the CMF Award can be invested outside of your approved Geographic Areas in the Assistance Agreement.
 - In addition, Program Income can be invested anywhere in the United States and its territories, not just your Service Area.
 - Recipients serving multiple states may be required to undertake at least one Project in a particular state to ensure CMF's geographical 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 certain forms of Program Income 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 (five (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): Commitment



✓ Review the following milestone dates

- Lump Sum or Initial Payment Amount: 100% of amount must be committed within two (2) years of the Effective Date.
- Subsequent Payment (applicable if a two-Payment option is selected): The subsequent amount must be fully committed within three (3) years of the Effective Date.

✓ What you Need to Know:

- The Commitment date **cannot** be extended.
- Dates will not appear in draft or final draft versions; they will be inserted into the 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 (2) years (or three (3) years, if applicable) after Effective Date will result in **mandatory recapture** of CMF Award dollars and possible imposition of sanctions.

Sections 3.2 (i)-(j): Disbursement & Project Completion Deadlines



✓ Review the following milestone dates

- Initial Disbursement (three (3) years After Effective Date) – At least \$1
- Project Completion (five (5) Years After Effective Date) – All Projects

✓ What you Need to Know:

- 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.
- A \$1 disbursement to a single Project satisfies the Initial Disbursement deadline requirements.
- The end of the Investment Period is a critical date for determining compliance for many Performance Goals.
- The Project Completion deadline does not change with the use of the two-Payment option.

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 the 5-year Investment Period to count towards Performance Goals.
 - Section 3.8(b) – You indicated in application Q. 14 that you expected to achieve your Performance Goals with the initial deployment of the CMF Award. You are not required to use Program Income to meet your Performance Goals.
- ✓ **What you Need to Know:**
 - Program Income requiring reinvestment is principal or equity repayments of the CMF Award.
 - Program Income generated from earned interest on the CMF Award must be used solely to further the objectives of the Recipient’s mission.
 - 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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CMF Compliance Resources



- Compliance Resources and Reporting documents for the Capital Magnet Fund are available on our [website](#).
- Resources include:
 - *FY 2021 CMF Geographic Data Set*
 - *CMF Compliance Frequently Asked Questions*
 - *CMF Program Income Recorded Webinar & Slides*
 - *AMIS CMF Compliance Guide*
 - *Material Events Form*
 - *Amendment Guidance & Process*

Contact Info & Support + Questions?



AMIS or Technical Questions

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

AMIS Help Desk Contact Information		
Type of Question	Telephone	Email
AMIS Support	202-653-0422	AMIS@cdfi.treas.gov

CMF Program Questions

For Program Support, 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.