

## **DISCLAIMER**

The attached draft of the fiscal year (FY) 2024 Assistance Agreement for the Capital Magnet Fund (CMF) Program is provided for illustrative purposes only and should not be relied upon or used for any other purpose. The draft Assistance Agreement provides boilerplate provisions of the terms and conditions of the Assistance Agreement that may be entered into between the CDFI Fund and a Recipient under the CMF Program.

These boilerplate provisions are subject to further modification by the Community Development Financial Institutions fund (CDFI Fund). The exact terms and conditions of each specific Award will be set forth in the Assistance Agreement that is executed by the CDFI Fund and each Recipient.

**Revised as of December 2024**

**FY 2024 CAPITAL MAGNET FUND  
ASSISTANCE AGREEMENT**

<b>Recipient:</b> {{AMIS to Populate}}	<b>Capital Magnet Fund Award Number:</b> {{AMIS to Populate}} <b>Unique Entity Identifier (UEI):</b> {{AMIS to Populate}} <b>Employer Identification Number (EIN):</b> {{AMIS to Populate}}
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<b>Address:</b> {{AMIS to Populate}}	
<b>Applicable Program:</b> Capital Magnet Fund <b>CFDA Number:</b> 21.011 <b>Date of Applicable NOFA:</b> February 15, 2024	<b>Announcement Date:</b> October 23, 2024

By signing this Assistance Agreement and in consideration of the mutual covenants, conditions, and agreements hereinafter set forth, the parties hereto, by their respective Authorized Representatives, agree to the following: (i) the CMF Award hereunder shall be administered pursuant to the General Award Terms and Conditions, attached hereto as Schedule 2 and made a material part hereof; and (ii) the CMF Award shall be further subject to the provisions, terms, conditions, requirements, certifications and representations set forth in all such additional schedules as are indicated by the Checklist of Schedules, below, which are attached hereto and constitute a material part hereof.

In witness whereof, the parties hereto do hereby execute and enter into this Assistance Agreement.

<b>Community Development Financial Institutions Fund</b>	<b>{{AWARD_ORGANIZATION_NAME}}</b>
By: {{AMIS to Populate}}	By: {{AMIS to Populate}}
Digitally Signed by {{AMIS to Populate}}	Digitally Signed by {{AMIS to Populate}}
Authorized Representative: {{AMIS to Populate}}	Authorized Representative: {{AMIS to Populate}}
Title: {{AMIS to Populate}}	Title: {{AMIS to Populate}}

<b>Effective Date:</b> {{AMIS to Populate}}
<b>Recipient Information</b>
<b>Entity Type:</b> {{AMIS to Populate}}
<b>Organization Structure:</b> {{AMIS to Populate}}
<b>Eligibility Status:</b> {{AMIS to Populate}}
<b>Consortium Approach (Yes/No):</b> {{AMIS to Populate}}
<b>Names of Consortium Members:</b> {{AMIS to Populate}}
<b>CMF Award</b>
<b>Total Grant:</b> {{AMIS to Populate}}

<b>Lump Sum Payment Amount:</b> {{AMIS to Populate}}
<b>Initial Payment Amount:</b> {{AMIS to Populate}}
<b>Subsequent Payment Amount:</b> {{AMIS to Populate}}

<b>Checklist of Schedules:</b> This Assistance Agreement comprises the following documents (checked as applicable) that are hereby incorporated by reference to the same extent as if fully set forth herein:	
1-A. Recipient-Specific Terms and Conditions	<b>X</b>
1-B. Annual Report	<b>X</b>
1-C. Annual Report Submission Deadlines	<b>X</b>
1-D. Performance Report	<b>X</b>
2. General Award Terms and Conditions	<b>X</b>
3. Certificate of Good Standing and Opinion of Counsel	{{AMIS to Populate}}
4-A. Representation and Warranties: Consortium Approach	{{AMIS to Populate}}
4-B. CMF Recipient Consortium Member Agreement	{{AMIS to Populate}}

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**Schedule 1**  
**Award No.: {{AMIS to Populate}}**  
**Recipient: {{AMIS to Populate}}**

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**RECIPIENT-SPECIFIC TERMS AND CONDITIONS**

**A. Performance Goals**

The Performance Goals set forth below correspond to the specified sections in Schedule 2 (General Award Terms and Conditions) of this Assistance Agreement. For a complete understanding of the Performance Goals, Recipient must read the applicable referenced sections in Schedule 2. Capitalized terms used, but not defined herein, shall have the respective meanings assigned to them in Schedule 2.

**Section 3.2(a): Eligible Uses**

The Recipient may only use the CMF Award for the Eligible Uses that are listed below:

<b>Applicable if checked</b>	<b>Eligible Uses</b>
<b>X</b>	Capitalize Loan Loss Reserves (Housing and/or Economic Development)
<b>X</b>	Capitalize a Revolving Loan Fund (Housing and/or Economic Development)
<b>X</b>	Capitalize an Affordable Housing Fund (Housing only)
{{AMIS to Populate}}	Capitalize a fund to support Economic Development Activities (Economic Development only)
<b>X</b>	Make Risk-Sharing Loans (Housing and/or Economic Development)
<b>X</b>	Provide Loan Guarantees (Housing and/or Economic Development)

**Section 3.2(b): Eligible Activities**

The Recipient may only use the CMF Award for the eligible activities that are selected below:

<b>Applicable if checked</b>	<b>Eligible Activities</b>
{{AMIS to Populate}}	Homeownership Affordable Housing
{{AMIS to Populate}}	Rental Affordable Housing
{{AMIS to Populate}}	Economic Development Activities
<b>X</b>	Direct Administrative Expenses
<b>X</b>	Feasibility Determination Expenses

**Sections 3.2(c): Production Targets**

Minimum number of CMF Units (#): {{AMIS to Populate}}

### **Sections 3.2(d) and 5.2(a): Portfolio-Level Targeted Incomes**

Section 3.2(d)(i) & 5.2(a) - Rental Housing – Percentage of rental CMF Units for Very Low-Income Families (inclusive of Extremely Low-Income Families) (%): **{{AMIS to Populate}}**

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

Rental – At least twenty percent (20%) of the units in each Multi-family rental Affordable Housing Project are leased by Low-Income Families. **{{AMIS to Populate}}**

### **Sections 3.2(d) and 3.2(e): Geographies and Low-Income Percentage**

Homeownership – Section 3.2(d)(ii) – Areas of Economic Distress or Low-Income Families – Total percentage of CMF Units for (A) Families with incomes above 80% and no greater than 120% of area median income located in Areas of Economic Distress; or (B) Low-Income Families (up to 80% of the area median income) located in or outside of Areas of Economic Distress; or (C) a combination of A and B. **{{AMIS to Populate}}**

Rental - Section 3.2(d)(iii) - Areas of Economic Distress and High Opportunity Areas – Total percentage of rental CMF Units for Eligible-Income Families located in Areas of Economic Distress and/or High Opportunity Areas (%): **{{AMIS to Populate}}**

Economic Development Activities - Section 3.2(d)(iv) - All of the Community Service Facilities and/or physical structures resulting from the Recipient's Economic Development Activities shall be located in a Low-Income Area, as designated in a dataset for this Award round as published on the CDFI Fund website pursuant to this Assistance Agreement: **{{AMIS to Populate}}**

Rural Areas - Section 3.2(e) - Minimum percentage of the CMF Award used in Rural Areas (%) **{{AMIS to Populate}}**

**Section 3.2(f): Service Area Requirements**

Service Area type: {{AMIS to Populate}}

Service Area Geographies:

<b>Service Area Geography</b>	<b>FIPS Code</b>	<b>If applicable, minimum number of Projects located in the Service Area Geography:</b>
{{AMIS to Populate}}	{{AMIS to Populate}}	{{AMIS to Populate}}

**Section 3.2(g): Leveraging Requirements**

Minimum private leverage multiplier (#): **{{AMIS to Populate}}**

**Section 3.2(h): Commitment**

Award Committed for Use Date for Lump Sum Payment or Initial Payment (Payment #1) of the two Payments: **{{AMIS to Populate}}** (2 Years after Effective Date)

Award Committed for Use Date for Subsequent Payment (Payment #2): **{{AMIS to Populate}}** (3 Years after Effective Date)

Project Commitment Date for all Payments: **{{AMIS to Populate}}** (3 Years after Effective Date)

**Section 3.2(i): Disbursement**

Initial disbursement date: **{{AMIS to Populate}}** (3 Years after Effective Date)

**Section 3.2(j): Investment Period End Date**

Investment Period End Date: **{{AMIS to Populate}}** (5 Years after Effective Date)

**Section 3.7: Award Payments**

One Payment (Lump Sum Payment): **{{AMIS to Populate}}**

Two Payments: Initial Payment **{{AMIS to Populate}}** and Subsequent Payment **{{AMIS to Populate}}**

Date to request Subsequent Payment (no later than): **{{AMIS to Populate}}** (10 Months After Effective Date)

**Section 3.8: Program Income Reinvestment**

Recipient shall use Program Income earned during the Investment Period in the manner set forth in the following section of Schedule 2: **{{AMIS to Populate}}**

**Section 3.10: Consortium Approach Recipient**

All Consortium Members must invest their individual Awards in the same Projects as the other Consortium members. Eligible Project Costs, unit production, and Leveraged Capital must be prorated. **{{AMIS to Populate}}**

**Schedule 1**

**B. Annual Report**

**Annual Report**

Throughout the Period of Performance of this Assistance Agreement, the Recipient must provide to the CDFI Fund an Annual Report with two components: Financial Condition Report and Performance Report. The Environmental Review Notification Report is submitted on an as needed basis. Capitalized terms used, but not defined herein, shall have the respective meanings assigned to them in Schedule 2.

<b>Applicable if checked</b>	<b>Annual Report component</b>	<b>How/where to submit:</b>
<p><b>{{AMIS to Populate}}</b></p>	<p><b><u>FINANCIAL CONDITION REPORT:</u></b></p> <p><b>Financial Statement Audit Report (nonprofit Recipient, including Insured Credit Unions and State-Insured Credit Union)</b></p>	<p>A nonprofit Recipient must submit a Financial Statement Audit (FSA) report in Awards Management Information System (AMIS).</p> <p>If prepared, a nonprofit must submit a statement of financial condition audited or reviewed by an independent certified public accountant.</p> <p>Under no circumstances should this be construed as requiring the Recipient to conduct or arrange for additional audits not otherwise required under Uniform Administrative Requirements or otherwise prepared at the request of the Recipient or parties other than the CDFI Fund.</p> <p><b>Form of submission: Recipient’s AMIS account.</b></p>
<p><b>{{AMIS to Populate}}</b></p>	<p><b><u>FINANCIAL CONDITION REPORT:</u></b></p> <p><b>Financial Statement Audit Report (for-profit Recipient)</b></p>	<p>For-profit Recipients must submit an FSA report in AMIS, along with the Recipient’s statement of financial condition audited or reviewed by an independent certified public accountant.</p> <p><b>Form of submission: Recipient’s AMIS account.</b></p>

<p><b>{{AMIS to Populate}}</b></p>	<p><b><u>FINANCIAL CONDITION REPORT:</u></b></p> <p><b>Financial Statement Audit Report (DIHC and Insured Depository Institution Recipient)</b></p>	<p>If the Recipient is a Depository Institution Holding Company (DIHC) or an Insured Depository Institution, it must submit an FSA report in AMIS.</p> <p>The Recipient may include its statement of financial condition audited or reviewed by an independent certified public accountant, if any are prepared, or indicate that such information has been provided to its regulator within the FSA report.</p> <p><b>Form of submission: Recipient’s AMIS account.</b></p>
<p><b>{{AMIS to Populate}}</b></p>	<p><b><u>FINANCIAL CONDITION REPORT:</u></b></p> <p><b>Single Audit Report (nonprofit Recipient, if applicable)</b></p>	<p>A nonprofit Recipient must complete an annual Single Audit pursuant to section 200.500 of the Uniform Requirements if it expends \$1,000,000 or more in Federal awards in its fiscal year, or such other dollar threshold established by OMB pursuant to section 200.501 of the Uniform Requirements. If a Single Audit is required, it must be submitted electronically to the Federal Audit Clearinghouse (FAC) per paragraph II below and Schedule 1-C that follows.</p> <p><b>Form of submission: Federal Audit Clearinghouse and optionally via the Recipient’s AMIS account.</b></p>
<p><b>X</b></p>	<p><b><u>CMF PERFORMANCE REPORT:</u></b></p> <p><b>CMF Performance Report</b></p>	<p>The Recipient must submit the CMF Performance Report to the CDFI Fund.</p> <p><b>Form of Submission: Recipient’s AMIS account.</b></p>

<b>X</b>	<b><u>Federal Financial Report/OMB Standard Form 425 (SF-425)</u></b>	<p>Recipient must submit the SF-425 Federal Financial Report annually during the Investment Period to disclose how much of the CMF Award funds were expended during the federal government’s fiscal year of October 1 through September 30.</p> <p><b>Form of Submission: Recipient’s AMIS account.</b></p>
<b>X</b>	<b><u>OTHER REPORT:</u></b> <b>Environmental Review Notification Report</b>	<p>If applicable and in accordance with section 6.12 of Schedule 2, the Recipient must submit an Environmental Review Notification Report to the CDFI Fund 180 days prior to issuing a Project Commitment, in accordance with Section IV of this Schedule 1-B, and with all applicable requirements of Schedule 2.</p> <p><b>Form of submission: Recipient’s AMIS account.</b></p>
<b>X</b>	<b><u>Material Event Form</u></b>	<p>As Applicable and in accordance with section 7.8 of Schedule 2, the Recipient shall submit a Material Event Form within 30 days of the event.</p> <p><b>Form of submission: Recipient’s AMIS account.</b></p>

Report deadlines: The Recipient must submit to the CDFI Fund the required reports by the dates set forth on Schedule 1-C of this Assistance Agreement. The CDFI Fund may unilaterally amend Schedule 1-C to account for those Projects that will complete their Affordability Period prior to or beyond the standard fifteen-year performance period.

**I. Financial Condition Report - Financial Statements:** The Financial Statement Audit Reports will be reviewed by the CDFI Fund to determine whether the Recipient’s financial statements present fairly in all material respects the financial position of the Recipient and in conformity with Generally Accepted Government Auditing Standards (GAGAS) or Generally Accepted Accounting Principles (GAAP). After the end of the Investment Period, the CDFI Fund may modify the requirements for these financial statements and related auditor’s and accountant’s review reports in any manner that is necessary or appropriate for the terms and conditions of the CMF Award, in accordance with the Uniform Administrative Requirements.



- A. **Nonprofit Recipients** (including Insured and State-Insured Credit Unions) must submit to the CDFI Fund a Financial Statement Audit (FSA) report in AMIS, along with the Recipient's statement of financial condition audited or reviewed by an independent certified public accountant, if any are prepared. The financial statements, if any are prepared, must be submitted no later than 180 days after the end of the Recipient's fiscal year.
- B. **For-profit Recipients** must submit to the CDFI Fund an FSA report in AMIS, along with the Recipient's statement of financial condition audited or reviewed by an independent certified public accountant. The financial statements must be submitted no later than 180 days after the end of the Recipient's fiscal year.
- C. **Regulated financial institutions** (Insured Depository Institutions, Depository Institution Holding Companies, and Insured Credit Unions), including regulated Nonprofit organizations, are required to submit an FSA report to the CDFI Fund in AMIS.

**II. Financial Condition Report – Single Audit Reports: Recipient must submit a Single Audit Report, if applicable.**

The Recipient must determine annually whether a Single Audit Report must be submitted, pursuant to the Uniform Administrative Requirements. If it has been determined that a Single Audit Report is required, the Recipient must submit its Single Audit Report no later than 270 days after the end of the Recipient's fiscal year end.

For the purposes of preparing a Single Audit Report, the Recipient should consider the CMF Award expended once the Recipient allocates the CMF Award for Eligible Uses per 12 CFR 1807.301 and as outlined in this Assistance Agreement. It is permissible under the Assistance Agreement to incrementally expend the award during the Period of Performance. Prior to expenditure, the funds are deemed to be "Advance payments" as defined in the Uniform Administrative Requirements and, if applicable to the Recipient, must be kept in interest-bearing accounts with interest remitted in compliance with the Uniform Administrative Requirements.

Recipients that are Institutions of Higher Education, Hospitals, Other Non-Profits, State, local, or federally recognized Indian Tribe governments should refer to section 200.305(b)(11) of the Uniform Administrative Requirements for additional guidance on proper treatment of Advance payments, including whether Advance payments need to be held in interest bearing accounts and when interest earned on Advance payments must be remitted back to the federal government. Recipients must retain records pursuant to Section 7.3 of this Agreement to document that required payments of interest have been made.

The Recipient's Single Audit Report will be reviewed by the CDFI Fund to determine the following: i) whether the Recipient's financial statements are presented fairly in all material

respects in conformity with Government Auditing Standards (GAS) or Generally Accepted Accounting Principles (GAAP), and whether an opinion (or disclaimer of opinion) regarding the schedule of expenditures of Federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole; ii) the condition of the Recipient's internal controls related to its financial statements and major programs; and iii) the Recipient's compliance with laws, regulations and the provisions of contracts or grant agreements, which could have a direct and material effect on each of its major programs. Please review Schedule 1-C regarding the applicable due dates for this report.

- III. CMF Performance Report:** The Recipient must submit a CMF Performance Report annually, which is a progress report on the Recipient's use of the CMF Award towards meeting its Performance Goals, affordable housing outcomes, and the Recipient's overall performance. The CMF performance report covers: the Investment Period for the CMF Award and the Affordability Period for each Project. Please review Schedule 1-C for information regarding the due dates for the report.
- IV. Environmental Review Notification Report:** The Recipient shall submit the Environmental Review Notification Report each time the Recipient identifies a new proposed CMF project for which (i) a categorical exclusion does not apply and/or (ii) the Recipient determines that the proposed project does involve actions that normally require an Environmental Impact Statement, as described in 12 CFR Part 1815. The Environmental Review Notification Report must be submitted to the CDFI Fund no later than one hundred eighty (180) days prior to the date that funds are Committed to a Project.
- V. Material Event Form:** As applicable and in accordance with section 7.8 of Schedule 2, the Recipient shall advise the CDFI Fund in writing via a service request within AMIS, the occurrence of a Material Event within 30 days of the event.
- VI. Federal Financial Report/OMB Standard Form 425 (SF-425):** The Recipient shall submit the SF-425 Federal Financial Report annually during the Investment Period to disclose how much of the CMF Award was expended during the federal government's fiscal year (October 1 through September 30). The SF-425 will include, among other things, summary information on the Recipient's expenditures. The SF-425 must be submitted to the CDFI Fund as reflected in the reporting schedule set forth in Section C of Schedule 1.

**C. Annual Report Submission Deadlines**

**ANNUAL REPORT SUBMISSION DEADLINES**

The Recipient must submit Annual Report components according to the schedule below.

**FINANCIAL CONDITION REPORTS**

<b>Financial Condition Report Deadlines</b> [As applicable; to be determined by Recipient annually.]	
<b>Fiscal Year End Date:</b>	<b>Due Date for Financial Statements:</b> [As applicable.]
{{AMIS to Populate}}	{{AMIS to Populate}}

**Financial Condition Report Deadlines**

**[As applicable; to be determined by Recipient annually.]**

<b>Fiscal Year End Date:</b>	<b>Due Date for Single Audit Report:</b> <b>[As applicable.]</b>
{{AMIS to Populate}}	{{AMIS to Populate}}

**D. Performance Report**

The Performance Goals are derived from the Application and are specified in Schedule 1. Any Recipient that fails to achieve any Performance Goal must provide a narrative explanation for the failure. The Recipient’s compliance with the Performance Goals will be measured by information that the Recipient submits in its Financial Condition Reports and Performance Reports.

<b>Performance Report Annual Periods and Due Dates Schedule<sup>1</sup></b>			
	<b>Start date:</b>	<b>End date:</b>	<b>Annual report due date:</b>
{{AMIS to Populate}}	{{AMIS to Populate}}	{{AMIS to Populate}}	{{AMIS to Populate}}

<b>Federal Financial Report / OMB Standard Form 425 Annual Periods and Due Dates Schedule</b>			
<b>Federal Fiscal Year Ending On:</b>	<b>Start Date:</b>	<b>End Date:</b>	<b>Due Date:</b>
9/30/2025	10/1/2024	9/30/2025	<b>10/15/2025</b>
9/30/2026	10/1/2025	9/30/2026	<b>10/15/2026</b>
9/30/2027	10/1/2026	9/30/2027	<b>10/15/2027</b>
9/30/2028	10/1/2027	9/30/2028	<b>10/15/2028</b>
9/30/2029	10/1/2028	9/30/2029	<b>10/15/2029</b>
9/30/2030	10/1/2029	9/30/2030	<b>10/15/2030</b>

**Questions related to these reporting requirements should be submitted via AMIS service requests.**

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<sup>1</sup> The Period of Performance will include additional reporting years not reflected on this schedule if at least one Project has not completed its 10-year Affordability Period by the 16th performance year. Early termination of the reporting requirements is also possible if the 10-year Affordability Period for every Project is completed prior to the 16th performance year.

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**Schedule 2**  
**Award No.: {{AMIS to Populate}}**  
**Recipient: {{AMIS to Populate}}**

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**GENERAL AWARD TERMS AND CONDITIONS**

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## ARTICLE I

### **Incorporation by Reference**

12 CFR Part 1807, as may be amended from time to time, is incorporated by reference and given the same force and effect as if set out in full text. In the event of any inconsistency between 12 CFR Part 1807 and the terms set forth in these General Award Terms and Conditions, all Schedules and any amendments hereto, the provisions of 12 CFR Part 1807 shall govern.

## ARTICLE II

### **2. Definitions**

When used in this Assistance Agreement (including all schedules and any amendments hereto), the following terms shall have the meanings specified below. Capitalized terms used, but not defined herein, shall have the respective meanings assigned to them in the Act, the Capital Magnet Fund Regulations, the Notice of Funds Availability, the Application, and/or the Uniform Administrative Requirements (as such terms are hereinafter defined).

#### **2.1 Affordable Housing Activities.**

“Affordable Housing Activities” shall mean the Development, Preservation, Rehabilitation, and/or Purchase of Affordable Housing or Secondary Market Mortgage Purchase.

#### **2.2 Affordability Period.**

“Affordability Period” shall mean, for each Affordable Housing Project, the period beginning on the date when the Project achieves Initial Occupancy and consisting of at least ten (10) consecutive years thereafter, during which period the Recipient must ensure the affordability requirements, as set forth in Subpart D of the CMF Regulations and in this Assistance Agreement, are met, or such other period as may be established in writing by the CDFI Fund.

#### **2.3 Announcement Date.**

“Announcement Date” shall mean the date on which the CDFI Fund announces the Recipients of the CMF Awards under the applicable Notice of Funding Availability (NOFA), as indicated on the signature page of this Assistance Agreement.

#### **2.4 Application.**

“Application” shall mean the CDFI Fund’s Capital Magnet Fund application form, including any written or verbal information in connection therewith and any attachments, appendices, and/or written or verbal supplements thereto, submitted by the Recipient to the CDFI Fund, in response to the applicable NOFA.

#### **2.5 Areas of Economic Distress.**

“Areas of Economic Distress” shall mean census tracts:

- (a) where at least 20 percent of households have incomes that are 50% of area median income or below and spend more than half of their income on housing; or
- (b) that are Low-Income Housing Tax Credit Qualified Census Tracts; or

- (c) where greater than 20 percent of the households have incomes below the poverty rate and the rental vacancy rate is at least 10 percent; or
- (d) where greater than 20 percent of the households have incomes below the poverty rate and the homeownership vacancy rate is at least 10 percent; or
- (e) are Underserved Rural Areas as defined in the CMF Interim Rule (as amended June 25, 2024; 12 CFR Part 1807).

The CDFI Fund will publish a dataset on its website indicating which census tracts are designated as Areas of Economic Distress for the applicable NOFA under this Assistance Agreement.

## **2.6 Assistance Agreement.**

“Assistance Agreement” or “Agreement” shall mean this Assistance Agreement between the CDFI Fund and the Recipient, of which these General Award Terms and Conditions are a material part, including the cover signature page, any schedules and attachments hereto, as the Agreement may, from time to time, be amended in accordance with its terms.

## **2.7 Capital Magnet Fund Regulations or CMF Interim Rule.**

“Capital Magnet Fund Regulations,” “CMF Regulations” or “CMF Interim Rule” shall mean the regulations set forth in 12 CFR Part 1807, as amended.

## **2.8 CDFI Fund or Fund.**

“CDFI Fund” or “Fund” shall mean the Community Development Financial Institutions Fund, the U.S. Department of the Treasury, established pursuant to the Community Development Banking and Financial Institutions Act of 1994, as amended, 12 USC 4701 *et seq.*

## **2.9 Closing.**

“Closing” shall mean any proper execution and delivery of the Agreement and/or any other document connected herewith and/or any Payment(s) of CMF Award by electronic funds transfer to an account designated by the Recipient. Pursuant hereto, there will be an initial Closing at which, for example, the Agreement and documents connected herewith will be properly executed and delivered, subsequent to which an Initial Payment connected herewith will be made. Subsequently, there may be a subsequent Closing(s) at which Subsequent Payment(s) connected herewith will be made and any documents in addition to the Agreement that may be connected with such Payments shall be properly executed and delivered by the Recipient to the CDFI Fund.

## **2.10 CMF Award.**

“CMF Award” shall mean the financial assistance in the form of a grant made by the CDFI Fund to the Recipient pursuant to 12 CFR Part 1807, as amended.



**2.11 CMF Unit.**

“CMF Unit” shall mean a single residential unit of Housing financed or supported with a CMF Award, rented or owned by a Family, with dedicated kitchen and bath facilities that meets the requirements of 12 CFR 1807 subparts D and E, as applicable, or a single-room occupancy (SRO) unit, a group home, or an assisted living facility with shared common kitchen and bath facilities accompanied by an individual lease for each tenant that meets the requirements of 12 CFR 1807 subparts D and E.

**2.12 Community Service Facilities.**

“Community Service Facilities” shall mean the physical structure in which service programs directly benefit nearby residents of any affordable housing. These service programs serve residents of affordable housing and include, but are not limited to, health care, childcare, educational programs including literacy and after school programs, job training, food and nutrition services, arts, and/or social services. The costs or expenses related to such services may not be financed or supported by a CMF Award. Community Service Facilities do not include facilities that provide typical municipal services, with the exception of libraries, charter schools, indoor recreation facilities, or other facilities as further set forth in the CMF Post-Award Policy and Compliance Manual.

**2.13 Committed for Use Date.**

“Committed for Use Date” shall mean the date(s) for which the CMF Award must be Committed for Use to an Eligible Use as set forth in Section 3.2(h) in Schedule 1 of this Assistance Agreement.

**2.14 Consortium.**

“Consortium” shall mean a group of CMF Award Recipients comprised of at least two, and no more than five, eligible, unaffiliated CDFIs or Nonprofit Organizations (housing developer/manager), or a combination thereof, using the Consortium Approach. The purpose of the Consortium must be to finance and support Affordable Housing, Community Service Facilities and/or EDA physical structures, as applicable.

**2.15 Consortium Approach.**

“Consortium Approach” shall mean the manner in which a select group of Recipients of CMF Awards applied for individual CMF Award as members of a Consortium, wherein the member Applications were evaluated both individually and as a Consortium. Each member of the Consortium is a Recipient of an individual CMF Award, and the members agree to undertake CMF activities pursuant to a CMF Recipient Consortium Member Agreement.

**2.16 Consortium Member.**

“Consortium Member” shall mean any CMF Recipient that applied under a Consortium Approach as reflected in the CMF Award issued under this Assistance Agreement and a CMF Recipient Consortium Member Agreement, which demonstrates the binding commitments of each Member.

**2.17 Economic Development Activity.**

“Economic Development Activity” shall mean the development, preservation, acquisition and/or rehabilitation of Community Service Facilities and/or other physical structures in which businesses operate to implement a Concerted Strategy to stabilize, sustain, or revitalize communities and neighborhoods physically proximate to affordable housing benefiting a Low-Income Area or Underserved Rural Area, subject to 12 CFR 1807.403.

**2.18 Economic Development Activity Occupancy Date.**

“Economic Development Activity Occupancy Date” shall mean the date by which the Economic Development Activity physical structure is occupied by an eligible business or Community Service Facility.

**2.19 Effective Date.**

“Effective Date” shall mean the date that this Assistance Agreement is effective; such date is evidenced by the CDFI Fund’s countersignature after the Recipient has returned an executed original of this Assistance Agreement, along with all required supporting documentation, including the certificate of good standing (Schedule 3 of this Agreement).

**2.20 Eligible-Income.**

“Eligible-Income” shall mean having, in the case of owner-occupied or rental Housing units, annual income at 120 percent or below of the area median income, adjusted for Family size, in the same manner as HUD makes these adjustments for its other published income limits.

**2.21 Eligible Project Costs.**

“Eligible Project Costs” shall mean all eligible development, financing, refinancing, acquisition, relocation, loan loss reserve, guarantee, predevelopment, and related soft costs incurred in the achievement of Project Completion, as described herein, paid using a CMF Award and any Leveraged Capital.

**2.22 Enterprise-Level Capital.**

“Enterprise-Level Capital” shall mean capital earned, borrowed, or raised by the Recipient or its Affiliates, which is designated for use and ultimately used to pay for Eligible Project Costs but is not initially restricted for use for specific properties at the time it is earned, borrowed or raised.

**2.23 Expanded HOA Criteria.**

“Expanded HOA Criteria” shall mean areas where it is demonstrated that the designated area(s) provide access to a combination of at least three of the following four criteria and is not located in a Food Desert as identified by the U.S. Department of Agriculture (<https://www.ers.usda.gov/data/fooddesert>):

- (a) high-quality youth (K–12) education opportunities;
- (b) employment opportunities;

(c) transportation opportunities; and/or

(d) financial service opportunities.

To meet the high-quality youth (K-12) education criterion, the CMF Units must be located in an area: (i) served by a school that, in any of the three years prior to the Date of NOFA as specified on page i of this Agreement, has been either recognized by the U.S. Department of Education as a National Blue Ribbon School, or has received the highest rating available from its State's education agency; and (ii) where the school is available to Families living in CMF-financed/supported rental units. To meet the access to employment criterion, the CMF-financed/supported rental unit(s) must be located within a one-mile radius of one of the 25 largest employers in the applicable county. The largest employers in the county are measured by number of employees at the location(s) in the applicable county. To meet the access to transportation criterion, the CMF-financed/supported rental unit(s) must be within ¼ mile of multi-modal transit station(s) (includes at least two forms of public transit such as metro, light rail, bus, ferry, or trolley) if located in a Metropolitan Area. The CMF-financed/supported rental unit(s) must be within two miles of "Fixed-route Public Transportation" if located in a rural ("Non-Metropolitan") area. "Fixed-route Public Transportation" means year-round, regularly scheduled public transportation that operates at least 5 days per week and provides regular service throughout the day. To meet the access to financial services criterion, the CMF-financed/supported rental unit(s) must be in a census tract, or adjoining census tract (s) with a bank or credit union branch presence (i.e., not simply a standalone ATM).

#### **2.24 Extremely Low-Income.**

"Extremely Low-Income" shall mean in the case of owner-occupied or rental Housing units, having income at 30 percent or below of the area median income, adjusted for Family size, as determined by HUD, except that HUD may establish income ceilings higher or lower than 30 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low incomes.

#### **2.25 Feasibility Determination Expenses.**

"Feasibility Determination Expenses" shall mean direct costs, as defined by the Uniform Administrative Requirements, and incurred by the Recipient to determine the feasibility of activities to implement the CMF Award. These costs must be incurred before Project Commitment and cannot be deemed as Eligible Project Costs. Such expenses may include, but are not limited to, preliminary market studies, engineering, architectural analyses, and financial feasibility analyses and other expenses approved by the CDFI Fund.

#### **2.26 High Opportunity Area.**

"High Opportunity Area" shall mean an area which must qualify under the Standard High Opportunity Area (HOA) Criteria; however, areas which do not meet the Standard HOA Criteria may qualify under the Expanded HOA Criteria.

**2.27 Indian Tribe.**

“Indian Tribe” shall mean any Indian Tribe, band, pueblo, nation, or other organized group or community, including any Alaska Native village or regional or village corporation, as defined in or established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601, *et seq.*). Each such Indian Tribe must be recognized as eligible for special programs and services provided by the United States to Indians because of their status as Indians.

**2.28 Initial Occupancy.**

“Initial Occupancy” shall mean:

- a) For rental Affordable Housing, after the Project is Placed into Service and when at least ninety percent (90%) of all CMF Units are occupied which must occur no later than 12 months after the Project Completion date;
- b) For Affordable Housing Homeownership, upon the occurrence of the transfer of equitable title to the Homebuyer; and
- c) For owner-occupied Rehabilitation of Homeownership Affordable Housing only, at Project Completion pursuant to 12 CFR 1807.503.

**2.29 Initial Payment.**

“Initial Payment” shall mean the first Payment for those Recipients opting to receive the CMF Award in two Payments.

**2.30 Insider.**

“Insider” shall mean any director, officer, employee, principal shareholder (owning, individually or in combination with family members, five percent (5%) or more of any class of stock), or agent (or any family member or business partner of any of the above) of the Recipient or of any Affiliate or Community Partner (as defined in 12 USC 4702(6)) of the Recipient.

**2.31 Investment Period.**

“Investment Period” shall mean the period beginning with the Effective Date and ending no earlier than the fifth-year anniversary of the Effective Date, or such other period as may be established in writing by the CDFI Fund at its sole discretion.

**2.32 Investment Period End Date.**

“Investment Period End Date” shall mean the date by which the Recipient must achieve Project Completion with respect to all Projects, regardless of the timing of any Payments received, as set forth in Schedule 1 of this Assistance Agreement, which date shall be five (5) years after the Effective Date of this Assistance Agreement, unless otherwise determined in writing by the CDFI Fund.

**2.33 LIHTC Program.**

“LIHTC Program” shall mean the Low-Income Housing Tax Credit Program authorized under Title I of the U.S. Housing Act of 1937, as amended, 42 USC 1437, *et seq.*

**2.34 Low-Income.**

“Low-Income” shall mean in the case of owner-occupied or rental Housing units, having income at 80 percent or below area median income, adjusted for Family size, as determined by HUD, except that HUD may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low Family incomes.

**2.35 Lump Sum Payment.**

“Lump Sum Payment” shall mean the Payment under this Assistance Agreement in one single payment which comprises the entire CMF Award.

**2.36 Material Event.**

“Material Event” shall mean an occurrence that affects the Recipient’s strategic direction, mission, business operation, its status as a Certified CDFI or Nonprofit Organization, or its compliance with the terms and conditions of this Assistance Agreement; and as further described in Section 7.8 of this Assistance Agreement.

**2.37 Material Weakness.**

“Material Weakness” shall have the same meaning ascribed by the American Institute of Certified Public Accountants, meaning a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

**2.38 Notice of Funds Availability or NOFA.**

“Notice of Funds Availability” or “NOFA” shall mean the applicable notice published by the CDFI Fund in the Federal Register that announced the availability of funds for the Capital Magnet Fund. The applicable NOFA for this Assistance Agreement is as listed on the signature page.

**2.39 Payment.**

“Payment” shall mean the transmission of CMF Award dollars from the CDFI Fund to the Recipient.

**2.40 Performance Goals.**

“Performance Goals” shall mean the performance goals and measures as described in Schedule 1, and as further described in Schedule 2.

**2.41 Period of Performance.**

“Period of Performance” shall mean the period beginning with the Announcement Date and continuing until the end of the Affordability Period of the last Project funded by the Recipient

under this Assistance Agreement, when all the conditions in Section 9.11 have been met, or such other time established by the CDFI Fund in writing.

**2.42 Placed into Service.**

“Placed into Service” shall mean, in the case of the Development, Rehabilitation and/or Preservation of rental Affordable Housing, after Project Completion is achieved and the property is otherwise ready for occupancy as evidenced by a certificate of occupancy. In the case of Affordable Housing Homeownership, it shall mean the satisfaction of Initial Occupancy standards as set forth in Sections 2.19(b) and (c) herein.

**2.43 Presumptive Compliance.**

"Presumptively Compliant" or "Presumptive Compliance" shall mean certain rules and requirements under other Federal housing programs deemed by the CDFI Fund to meet certain CMF requirements.

**2.44 Private Leveraged Capital.**

“Private Leveraged Capital” shall mean Leveraged Capital in the form of investments, equity or loans the Recipient receives from private sources that are not a unit of federal, state, or local government. Examples include private activity bonds, LIHTC equity, other equity investments, lines of credit, loans or other investments from private sources, such as banks, private investors or philanthropic entities that are made to the Recipient such as Enterprise-Level Capital or directly to Projects.

**2.45 Project Commitment Date.**

“Project Commitment Date” shall mean the date(s) by which the CMF Award must be committed to specific Projects as set forth in Section 3.2(h) in Schedule 1 of this Assistance Agreement.

**2.46 Regulated Institutions.**

“Regulated Institutions” shall mean Insured Credit Unions, Insured Depository Institutions, State-Insured Credit Unions, and Depository Institution Holding Companies.

**2.47 Rural Areas.**

“Rural Areas” shall mean, as published in a dataset for the applicable Award round on the CDFI Fund website: an area that meets the definition of Rural Area per 12 CFR 1282.1 (Enterprise Duty To Serve Final Rule) that is:

- (a) a census tract outside of a Metropolitan Statistical Area as designated by the Office of Management and Budget; or
- (b) a census tract in a Metropolitan Statistical Area as designated by the Office of Management and Budget that is outside of the Metropolitan Statistical Area’s Urbanized Areas, as designated by the U.S. Department of Agriculture’s (USDA) Rural-Urban

Commuting Area (RUCA) Code #1, and outside of tracts with a housing density of over 64 housing units per square mile for USDA's RUCA Code #2.

**2.48 Service Area.**

“Service Area” shall mean the geographic area approved by the CDFI Fund, in which the Recipient must use the CMF Award as set forth in this Assistance Agreement.

**2.49 Service Area Geography.**

“Service Area Geography” shall mean the specific State(s), territories, or other geographies designated by the CDFI Fund in the applicable NOFA and this Assistance Agreement that together comprise the Recipient's entire Service Area.

**2.50 Standard HOA Criteria.**

“Standard HOA Criteria” shall mean those areas designated by the Federal Housing Finance Agency's Duty to Serve Rule as follows:

- (a) an area designated by the Department of Housing and Urban Development (HUD) as a “Difficult Development Area” during any year covered by an Enterprise's Underserved Markets Plan (Plan) or in the year prior to a Plan's effective date, whose poverty rate falls below 10% (for Metropolitan areas) or below 15% (for Non-Metropolitan areas); or
- (b) an area designated by a state or local Qualified Allocation Plan as a High Opportunity Area whose poverty rate falls below 10% (for Metropolitan areas) or 15% (for Non-Metropolitan areas). The CDFI Fund will publish a dataset on its website indicating which census tracts are designated as High Opportunity Areas for the applicable NOFA pursuant to this Assistance Agreement.

**2.51 Subsequent Payment.**

“Subsequent Payment” shall mean a second Payment representing the balance of the CMF Award in the case where a Recipient exercises its option to receive the CMF Award in two Payments.

**2.52 Subsequent Payment Request.**

“Subsequent Payment Request” shall mean a Payment request, as further described in section 3.7(c)-(d), by the Recipient to the CDFI Fund, representing the remaining balance of its CMF Award.

**2.53 Tenant Income Certification.**

“Tenant Income Certification” shall mean the certification documenting the verified tenant income of a Family under section 1807.401(f) or the Low-Income Housing Tax Credit Program.

**2.54 Uniform Administrative Requirements.**

“Uniform Administrative Requirements” or “UAR” shall mean the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 1000,

as amended), which is the Department of the Treasury’s codification of the Office of Management and Budget (OMB) government-wide framework for federal financial assistance management at 2 CFR Part 200, as amended.

**2.55 Very Low-Income.**

“Very Low-Income” means in the case of owner-occupied or rental Housing, having income at 60 percent or below of the area median income, with adjustments for Family size, as determined by HUD, except that HUD may establish income ceilings higher or lower than 60 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low Family incomes.

**ARTICLE III**

**3. CMF Award Requirements**

**3.1 The CMF Award.**

At all Closings connected herewith, including without limitation, any initial Closing and any subsequent Closing(s), and subject to all of the terms and conditions hereof and in reliance upon all representations, warranties, assurances, certifications and agreements contained herein, the CDFI Fund hereby agrees to provide to the Recipient, subject to the availability of funds, and the Recipient hereby agrees to accept from the CDFI Fund, the CMF Award in the form of a grant.

**3.2 Authorized Uses of the CMF Award.**

The Recipient shall use the CMF Award as set forth in Section 3.3. Projects financed and/or supported with specified forms of Program Income as set forth in Section 3.8 during the Investment Period will be treated as Projects financed with the CMF Award for purposes of calculating Recipient performance. The Recipient shall use the CMF Award in the manner set forth below:

- (a) Eligible Uses. The Recipient shall use the CMF Award only for the Eligible Uses designated in Schedule 1 of this Assistance Agreement.
- (b) Eligible activities. The Recipient shall use the CMF Award only for the activities designated as applicable in Schedule 1 of this Assistance Agreement.
- (c) Production Targets. As of the end of the Investment Period, the Recipient shall have used its CMF Award for Affordable Housing Activities resulting in CMF Units in a number as set forth in Schedule 1 of this Assistance Agreement. The CMF Units must be financed and/or supported with a CMF Award, and must be leased or owned, as applicable, by Eligible-Income Families.
- (d) Portfolio-level targeted incomes and geographies.



- (i) Rental Affordable Housing. If applicable, as of the end of the Investment Period, the Recipient shall have used its CMF Award for Affordable Housing Activities resulting in rental CMF Units set aside to be leased by Very Low-Income Families, as measured over the Recipient's entire portfolio of rental Affordable Housing, in a percentage set forth in Schedule 1 of this Assistance Agreement.
- (ii) Homeownership Affordable Housing. If applicable, as of the end of the Investment Period, the Recipient shall have used its CMF Award for Affordable Housing Activities resulting in a percentage, as set forth in Schedule 1, of Homeownership CMF Units – as measured over the Recipient's entire portfolio of Homeownership Affordable Housing financed and/or supported with the CMF Award – with one or more of the following characteristics:
- (A) located in a census tract designated as an Areas of Economic Distress at the time of Project Commitment and included in the data set for the applicable funding round and NOFA pursuant to this Assistance Agreement, and reserved for ownership or owned by Families with incomes above 80% and no greater than 120% of the area median income;
  - (B) reserved for ownership or owned by Low-Income Families with incomes at or below 80% of the area median income, inside or outside an Area of Economic Distress; or
  - (C) a combination of A and B above. The CDFI Fund will publish a dataset on its website indicating which census tracts are designated as Areas of Economic Distress for the applicable NOFA pursuant to this Assistance Agreement.
- (iii) Areas of Economic Distress and High Opportunity Areas for Rental Affordable Housing. As of the end of the Investment Period, the Recipient shall have used its CMF Award for Affordable Housing Activities resulting in a percentage, as set forth in Schedule 1, of rental CMF Units located in areas which meet the definition of Areas of Economic Distress and/or High Opportunity Areas, and are designated as such by the CDFI Fund under the applicable NOFA pursuant to this Assistance Agreement at the time of Project Commitment, and that are reserved for lease by Eligible-Income Families, as measured over the Recipient's entire portfolio of CMF Units financed and/or supported with the CMF Award. The CDFI Fund will publish a dataset on its website indicating which census tracts are designated as Areas of Economic Distress and/or High Opportunity Area meeting the Standard HOA Criteria for the applicable NOFA pursuant to this Assistance Agreement. Areas not meeting the Standard HOA Criteria may qualify as HOA using the Expanded HOA Criteria.
- (iv) Economic Development Activities (EDA). If applicable and as indicated in Schedule 1, as of the end of the Investment Period, the Recipient shall have used its CMF Award to finance and/or support Economic Development Activities in conjunction

with any affordable housing, resulting in Community Service Facilities and/or EDA physical structures that are located in Low-Income Areas, designated as such by the CDFI Fund under the applicable NOFA pursuant to this Assistance Agreement at the time of Project Commitment. The CDFI Fund publishes a dataset on its website indicating which census tracts are designated as Low-Income Areas for the applicable NOFA pursuant to this Assistance Agreement.

- (e) Rural Areas. As of the end of the Investment Period, the percentage of the total CMF Award, excluding Direct Administrative Expenses and/or Feasibility Determination Expenses, that is used by the Recipient to finance and/or support Affordable Housing Activities and/or Economic Development Activities resulting in CMF Units, Community Service Facilities and/or EDA physical structures that are located in Rural Areas at the time of Commitment, shall be no less than the percentage as set forth in Schedule 1. The CDFI Fund publishes a dataset on its website indicating which census tracts are designated as Rural Areas for the applicable NOFA pursuant to this Assistance Agreement.
- (f) Service Area requirements. CMF Award can be used in any State of the United States, the District of Columbia or any territory of the United States, as further identified in Schedule 1. As applicable, the states listed in the geographic areas table in Schedule 1 comprise the allowable geographic areas for the location of Affordable Housing, Community Service Facilities and/or EDA physical structures resulting from the Recipient's Affordable Housing Activities and/or Economic Development Activities. Recipient shall use no more than 15% of its CMF Award to finance and/or support Affordable Housing Activities and/or Economic Development Activities resulting in Affordable Housing, Community Service Facilities and/or EDA physical structures, that are located outside of its approved Service Area.
- (g) Leveraging requirements.
  - (1) As of the end of the Investment Period, the Recipient shall have financed and/or supported Eligible Project Costs in an amount that equals at least ten (10) times the dollar amount of the CMF Award. Eligible Project Costs for a given Project shall not exceed total development costs for that Project, as further described in Section 3.4(c).
  - (2) As of the end of the Investment Period, the Recipient shall have yielded an amount of total Eligible Project Costs funded by Private Leveraged Capital that is no less than the amount of the CMF Award times the private leverage multiplier set forth in Schedule 1.
- (h) Commitment for Use date(s). The Recipient shall have Committed for Use all of its CMF Award to Eligible Uses by no later than the applicable date(s) set forth in Schedule 1. Pursuant to the Act, the CDFI Fund shall recapture into the Capital Magnet Fund any

amount of the CMF Award that has not been Committed for Use by the Recipient as of the date(s) set forth in Schedule 1 of this Assistance Agreement.

- (i) Project Commitment Date(s). The Recipient shall have committed all of its CMF Award, net Award amount used for Direct Administrative Expenses and/or Feasibility Determination Expenses, to specific Projects by no later than the applicable Project Commitment Date set forth in Schedule 1 of this Assistance Agreement.
- (j) Initial Disbursement date. The Recipient shall make an initial disbursement of its CMF Award to at least one Affordable Housing, Community Service Facility and/or other EDA physical structure Project by no later than the date set forth in Schedule 1 of this Assistance Agreement, which date shall be three (3) years after the Effective Date of this Assistance Agreement, unless otherwise determined in writing by the CDFI Fund. All CMF Award dollars must be fully disbursed by the Investment Period End Date.
- (k) Investment Period End Date. The Recipient shall achieve Project Completion with respect to all Projects financed/supported by its entire CMF Award, regardless of the timing of any Payments received, and fully disburse the entire CMF Award to Affordable Housing, Community Service Facilities, EDA physical structures, Feasibility Determination Expenses, and/or Direct Administrative Expenses, by the date set forth in Schedule 1 of this Assistance Agreement, which date shall be five (5) years after the Effective Date of this Assistance Agreement, unless otherwise determined in writing by the CDFI Fund.
- (l) Placed into Service date. Upon Project Completion, the Recipient shall Place into Service each rental Project no later than six (6) months from the Project Completion date of the applicable Project, unless otherwise determined in writing by the CDFI Fund. In the case of Affordable Housing Homeownership, it shall mean the date as specified in Section 3.2(l) herein, when each Homeownership Project meets the Initial Occupancy standards as set forth in Section 2.14(b) and (c) herein.
- (m) Initial Occupancy date. Upon Project Completion and Project being Placed into Service, if applicable, the Recipient shall achieve Initial Occupancy as follows: 1) for rental Affordable Housing, when the Project reaches 90% occupancy which must occur no later than 12 months after the applicable Project Completion date of each Project; 2) for Homeownership Affordable Housing, upon the transfer of the equitable title to the Homebuyer; or 3) for owner-occupied rehabilitation of homeownership Affordable Housing, at Project Completion unless otherwise determined in writing by the CDFI Fund.

### **3.3 Purpose of the CMF Award.**

The Recipient shall use the CMF Award for the eligible activities, as set forth in Section 3.2, as follows:

- (a) The Development, Preservation, Rehabilitation or Purchase of Affordable Housing for primarily Extremely Low-Income, Very Low-Income and Low-Income families; and
- (b) Economic Development Activities that are part of a Concerted Strategy, as set forth in 12 CFR 1807.403.
- (c) Direct Administrative Expenses and/or Feasibility Determination Expenses as set forth in 12 CFR 1807.302(f).

### **3.4 Eligible Project Costs and Leveraged Capital.**

Eligible Project Costs, which include costs paid with the CMF Award and Leveraged Capital, must be consistent with 12 CFR 1807.500 and are further limited by the following:

- (a) No costs incurred as Direct Administrative Expenses or Feasibility Expenses may be reported as Eligible Project Costs.
- (b) No costs attributable to prohibited uses as identified in 12 CFR 1807.302(a) and 1807.302(b) or any in Section 3.5 below may be reported as Eligible Project Costs.
- (c) Notwithstanding the foregoing paragraphs of this Section 3.4, costs are deemed Eligible Project Costs only if they are expenses that are reasonable, necessary, and non-luxury, and are related to the Development, Preservation, Rehabilitation and/or Purchase of Affordable Housing, Community Service Facilities and/or other EDA physical structures.
- (d) CMF Award dollars and Leveraged Capital may be used to pay for the Eligible Project Costs contained in Section 3.4(e) if all of the following conditions are met:
  - (1) They were incurred not more than thirty-six (36) months prior to the Project Commitment Date of the CMF Award as set forth in Schedule 1 herein;
  - (2) They were incurred for a Project that achieves Project Completion on or after the Announcement Date; and
  - (3) The Project Commitment expressly commits the CMF Award to a Project.
- (e) Eligible Project Costs are calculated for each Project at Project Completion and include all eligible costs incurred in achieving Project Completion. Eligible Project Costs may be incurred during multiple phases of development of the same Project, but in no event exceed the total development cost of the Project, as outlined below. Eligible Project Costs include:
  - (1) Development hard costs. The actual cost of constructing or rehabilitating Affordable Housing, Community Service Facilities and/or EDA physical structures. These costs include, but are not limited to: all costs of construction or rehabilitation necessary to achieve Project Completion and meet the standards in 12 CFR 1807.503; the costs to

make utility connections; the costs for environmental remediation; the costs to make improvements to the project site that are in keeping with improvements of surrounding, standard projects and site improvements, which may include on- or off-site roads and utilities necessary to the development of the Project. A development project consists of one or more buildings or structures on the same site (or on scattered sites if developed together) that are considered one property under the same ownership.

- (2) Refinancing costs. The dollar amount of the equity investment, grant or loan to refinance existing debt with new debt funded in whole or in part with a CMF Award or make a Secondary Market Mortgage Purchase. The debt must be secured by the Housing associated with the Project in order to make or preserve it as affordable, in accordance with 12 CFR 1807.400, *et seq.*
- (3) Financing Costs. Reasonable fees and costs associated with a loan including, but not limited to, origination fees, service fees, recordation fees, title search and other costs relating to the making of loans.
- (4) Acquisition costs. Costs of acquiring improved or unimproved real property, including the mortgage amount loaned to Homebuyers.
- (5) Related soft costs. Other reasonable and necessary costs incurred by the Project sponsor or developer, associated with the financing or development (or both) of new construction, rehabilitation, or acquisition of Affordable Housing, Community Service Facilities and/or other EDA physical structures assisted with the CMF Award. These costs include, but are not limited to:
  - (i) Architectural, engineering, or related professional services, including but not limited to services to prepare plans, drawings, specifications, or work write-ups.
  - (ii) Building permits, attorneys' fees, private appraisal fees and fees for an independent cost estimate, builders or developer's fees.
  - (iii) Costs of a Project audit, including certification of costs performed by a certified public accountant, that the Participating Jurisdiction may require with respect to the development of the Project.
  - (iv) Costs to provide information services such as affirmative marketing and fair housing information to prospective Homebuyers and tenants.
  - (v) For new construction or rehabilitation, the cost of funding an initial operating deficit reserve, limited to a reserve to meet any shortfall in project income during the period of project rent-up (not to exceed eighteen (18) months) and

which may only be used to pay project operating expenses, and scheduled payments to a replacement reserve, and debt service.

- (vi) Costs for the payment of impact or similar fees that are charged for all projects within a jurisdiction.
  - (vii) Costs of environmental review and release of funds in accordance with 12 CFR Part 1815 that are directly related to the Project.
- (6) Relocation costs. The cost of relocation payments and other relocation assistance to persons and businesses displaced by the Project, including:
- (i) Relocation payments include replacement housing payments, payments for moving expenses, and payments for reasonable out-of-pocket costs incurred in the temporary relocation of persons.
  - (ii) Other relocation assistance means staff and overhead costs directly related to providing advisory and other relocation services to persons displaced by the Project, including timely written notices to occupants, referrals to comparable and suitable replacement property, property inspections, counseling, and other assistance necessary to minimize hardship.
- (7) Loan Loss Reserves and Loan Guarantees. Funds set aside and reserved for a Loan Loss Reserve or a Loan Guarantee, provided that the loans supported by the reserve or guarantee finance Affordable Housing, Community Service Facilities and/or other EDA physical structures.
- (f) Recipient's Program Income in the form of principal and equity repayments that is reinvested in a prior Project cannot be counted in the Eligible Project Costs calculation more than once. The CMF Award amount in whole or in part, including in the form of Program Income, shall only be counted once as Eligible Project Costs for any given Project.

### **3.5 Restrictions on use of the CMF Award.**

The Recipient shall use the CMF Award in accordance with the restrictions below.

- (a) The Recipient's activities under 3.2(a) shall not include the use of the CMF Award for the following:
  - (1) Political activities;
  - (2) Advocacy;
  - (3) Lobbying, whether directly or through other parties;

- (4) Counseling services (including homebuyer or financial counseling);
- (5) Travel expenses;
- (6) Preparing or providing advice on tax returns;
- (7) Emergency shelters (including shelters for disaster victims);
- (8) Nursing homes;
- (9) Convalescent homes;
- (10) Residential treatment facilities;
- (11) Correctional facilities;
- (12) Dormitories;
- (13) Projects consisting of the operation of any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises, or any of the businesses or activities set forth in 13 CFR 120.110(d)-(n) and (p), or any other businesses deemed inconsistent with the general purpose of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 USC 4701, *et seq.*) or the Housing and Economic Recovery Act of 2008 (Pub. Law 110-289, section 1131); or
- (14) Projects consisting of farming, as set forth in 12 CFR 1807.302(b)(2).

(b) Subrecipient Relationships. The Recipient shall adhere to the following Subrecipient relationship requirements.

- (1) The Recipient shall not distribute or transfer the CMF Award to any Affiliate or Subsidiary or distribute the CMF Award in any manner that would create a Subrecipient relationship (as defined in the Uniform Administrative Requirements), without the CDFI Fund's prior written consent.
- (2) For the purposes of capitalizing an Affordable Housing Fund, a Revolving Loan Fund or an Economic Development Activities Fund pursuant to 12 CFR 1807.301, a Recipient has the option to establish a single purpose entity (SPE) which must be approved in advance by the CDFI Fund ("Approved SPE") to carry out CMF activities. The Approved SPE shall:

- (i) be a Subsidiary of the Recipient;
  - (ii) be created to solely act as an Affordable Housing Fund, a Revolving Loan Fund, Economic Development Activities Fund (as those capitalized terms are defined in and pursuant to the CMF Regulations);
  - (iii) be capitalized by a CMF Award and Leveraged Capital, the total of which shall be used solely for Eligible Project Costs;
  - (iv) be subject to an Approved SPE Agreement between the Approved SPE and the Recipient, which clearly states that all provisions, requirements and obligations of this Assistance Agreement remain with the Recipient and additionally apply to the Approved SPE, including compliance with all Federal statutes and regulations referenced in this Assistance Agreement;
  - (v) does not otherwise engage in any of the prohibited activities set forth in this Section 3.5; and
  - (vi) is approved in advance and in writing by, and meets all other requirements to the satisfaction of, the CDFI Fund, including the provision of a legal opinion from the counsel of the Recipient in the form prescribed by the CDFI Fund.
- (3) All provisions, requirements and obligations of this Assistance Agreement remain with the Recipient and additionally apply to the Approved SPE.
- (4) An Approved SPE Agreement is not deemed to evidence that a CMF Award is Committed for Use or to serve as evidence of a Project Commitment.
- (c) The Recipient shall not use any of its CMF Award to pay any costs incurred in connection with (i) any defense against any claim or appeal of the United States Government, any agency or instrumentality thereof (including the CDFI Fund), against the Recipient, or (ii) any prosecution of any claim or appeal against the United States Government, any agency or instrumentality thereof (including the CDFI Fund), which the Recipient instituted or in which the Recipient has joined as a claimant.
- (d) The Recipient may not use any of its CMF Award provided hereunder for the purpose of covering expenses, including consultant fees, related to the preparation of a Community Development Entities (CDE) and/or CDFI Certification Application or an award from the CDFI Fund.
- (e) The Recipient may not use any of its CMF Award provided hereunder to cover the costs of organized fund raising (including financial campaigns, solicitations of gifts and requests, grant writing, and similar expenses incurred to raise capital or obtain



contributions) regardless of the purpose for which the funds will be used. For additional information regarding fund raising and investment management costs, please refer to the Uniform Administrative Requirements.

- (f) The Recipient shall not use any of its CMF Award provided hereunder to pay any person to influence or attempt to influence any agency, elected official, officer or employee of a State, local or Indian Tribal government in connection with the making, award, extension, continuation, renewal, amendment, or modification of any State, local, or Indian Tribal Government contract, grant, loan, or cooperative agreement, as such terms are defined in 31 USC 1352.
- (g) The Recipient shall not use its CMF Award for Indirect Costs as defined in the Uniform Administrative Requirements.
- (h) The Recipient shall not use its CMF Award under this Assistance Agreement for any project that also receives funding from the Recipient's (or any of its Affiliates') other CDFI Fund awards or allocations, except when the CMF Award is used to finance an activity in a different phase of development financing in the same Project. The phases of development financing are deemed to be:
  - (1) predevelopment;
  - (2) acquisition;
  - (3) site work (pre-construction);
  - (4) construction/rehabilitation
  - (5) permanent financing; or
  - (6) bridge financing between two or more phases.
- (i) This restriction does not apply to the Recipient's CMF Awards or CMF Awards of another Recipient. The Recipient may combine its multiple CMF Awards, including Program Income, or/and may combine its Awards with those of other Recipients, to provide financing on any Project, including financing the same phase of any Project. However, the Recipient may not deem costs as Eligible Project Costs under this Assistance Agreement for those same costs deemed as Eligible Project Costs under the Recipient's prior CMF Awards or another Recipient's CMF Award. In the event the Recipient does such, the Eligible Project Costs shall be prorated. The Recipient may use Program Income earned in the form of principal and equity repayments on a Project that received prior funding from the CMF Award issued under this Assistance Agreement or another CMF Award issued under a different

Assistance Agreement. However, such Program Income earned in the form of principal and equity repayments cannot be counted in the Eligible Project Costs calculation on a Project that has received prior funding from the CMF Award issued under this Assistance Agreement or another CMF Award issued under a different Assistance Agreement.

- (ii) If providing Homeownership assistance, a CMF Award may be used in conjunction with awards or allocations from other CDFI Fund programs only if the Project can be divided into phases of development financing, and the CMF Award is used in a different phase from the other CDFI Fund program awards/allocations. A CMF Award cannot be used for a Homeownership property that is permanently financed (or supported) by both the Recipient's (or any of its Affiliates') CMF Award and an award or allocation from another CDFI Fund program (e.g., down payment assistance funded from CMF dollars may not be combined with a permanent mortgage funded from another CDFI Fund program).
- (i) The Recipient shall not use any Award funds provided hereunder for the prohibited activities set forth in 2 CFR 200.216 of the Uniform Requirements, Prohibition on certain telecommunications and video surveillance equipment or services.
- (j) The Recipient shall not use more than five percent (5%) of its CMF Award for Feasibility Determination Expenses incurred by the Recipient prior to Project Commitment to determine the feasibility of activities to implement the CMF Award. These costs cannot be deemed as Eligible Project Costs. Such expenses may include, but are not limited to, preliminary market studies, engineering, architectural analyses, and financial feasibility analyses, as further detailed in guidance provided by the CDFI Fund.
- (k) The Recipient shall not use more than five percent (5%) of its CMF Award for Direct Administrative Expenses. These costs cannot be deemed as Eligible Project Costs.

### **3.6 Closing.**

The CDFI Fund shall provide all or a portion of the CMF Award to the Recipient at Closing, including at the time a Subsequent Payment is requested, subject to the Recipient's fulfillment, as determined by the CDFI Fund in its sole discretion, of the following conditions precedent, prior to any Closing and/or Payment(s) being made to the Recipient.

- (a) Performance; Representations and Warranties. At Closing:
  - (1) the Recipient shall have performed and complied with all applicable agreements and conditions contained herein required to be performed or complied with; and

- (2) the representations and warranties set forth in this Agreement and the Assurances and Certifications contained in the Application shall be true and correct in all material respects; and
- (3) the Assurances and Certifications contained in the Application shall be true and correct in all material respects, or shall, to the satisfaction of the CDFI Fund, not have a material adverse effect on the Recipient's execution of and performance under this Agreement.

(b) Unless otherwise determined in the sole discretion of the CDFI Fund:

(1) Certificate of Good Standing. If applicable based on the instructions attached hereto as Schedule 3-A, the CDFI Fund shall have received from the Recipient a Certificate of Good Standing (COGS) from the Secretary of State for the Recipient's state of formation dated within 180 days prior to the Federal Award Date of the Assistance Agreement.

OR

(2) Opinion of Recipient Counsel. If a State does not normally provide a COGS to its political subdivisions or instrumentalities, the CDFI Fund shall have received from counsel for the Recipient prior to any Closing, a favorable opinion satisfactory in scope, form, and substance to the CDFI Fund, with respect to the matters set forth in Schedule 3-B and any other matters incident to the transactions contemplated hereby as the CDFI Fund may require.

(c) Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by the Assistance Agreement and all documents and instruments incident to such transactions shall be satisfactory in substance and form to the CDFI Fund, and the CDFI Fund shall have received from the Recipient all such counterpart originals or certified copies or other documents as the CDFI Fund may reasonably request.

### **3.7 Payment(s) of the CMF Award.**

Payment(s) of the CMF Award may be made by the CDFI Fund in one Lump Sum Payment or as an Initial Payment to the Recipient, followed by a Subsequent Payment, based upon the Recipient meeting the requirements set forth in Section 3.6, including a request made prior to or by the date as specified in Schedule 1.

(a) For Recipients who opt to receive the CMF Award in two Payments, the Initial Payment will be made following the execution of the Assistance Agreement. The Initial Payment amount is based on the Recipient's estimated amount to be Committed for Use in the first year of the Period of Performance, but no less than 50% and no more than 90% of its CMF Award. The Subsequent Payment amount will equal the balance of the total CMF Award not paid as an Initial Payment.

- (b) If the entire amount of the CMF Award is not paid at the initial Closing in a Lump Sum Payment, the Recipient must submit a Subsequent Payment Request, which includes a Certificate of Good Standing (COGS) from the Secretary of State, or other issuing State agency, in the Recipient's state of formation dated within 180 days prior to the date the Subsequent Payment Request is made; or an opinion of Recipient counsel as described in section 3.6(b)(ii). Regulated entities are not required to submit a COGS or opinion of Recipient counsel.
- (c) Subsequent Payment Requests must be submitted via the Recipient's AMIS Account (or as otherwise directed by the CDFI Fund). All Subsequent Payment Requests must be received by the CDFI Fund no later than the "Date to request Subsequent Payment" specified in Schedule 1 of this Agreement (10 months from the Effective Date of the Assistance Agreement). All Subsequent Payment Requests are subject to CDFI Fund compliance review and approval. The CDFI Fund shall not make any Payments (including Lump Sum Payments, Initial Payments, or Subsequent Payments) pursuant hereto until the Recipient has satisfied all conditions precedent to receiving such Payments, but not limited to, the Recipient being in compliance (or being noncompliant but not determined by the CDFI Fund to be in default) with the terms and conditions of any prior assistance from the CDFI Fund. The Recipient must deliver to the CDFI Fund, as applicable, the original signed Assistance Agreement, and all required documentation.
- (d) If a Recipient wishes to decline all, or part, of the remaining undisbursed CMF Award balance, it must do so by notifying the CDFI Fund by a Service Request in AMIS on or before the "Date to request Subsequent Payment" specified in Section 3.7 in Schedule 1 of the Assistance Agreement. The Recipient must concurrently request an amendment to the Assistance Agreement, providing sufficient justification for declining all or part of the remaining undisbursed CMF Award. Upon approval of the amendment request, the CDFI Fund will de-obligate the Recipient's undisbursed CMF Award amount. The CDFI Fund reserves the right to any remedy, including deobligation of any undisbursed CMF Award amount, for a Recipient's failure to comply with this subsection (d) or any other requirements set forth herein.
- (e) Recipients will be limited to one (1) Subsequent Payment.
- (f) The Recipient shall maintain and ensure the accuracy of its banking information as reflected in its System for Award Management (SAM) account, as well as maintain a current and active registration in SAM.gov. In the event that the Recipient's SAM.gov account contains inaccurate or non-current banking information, the CDFI Fund is not responsible for reimbursement or payment to the Recipient for any CMF Award Payment made to an incorrect account.

- (g) Following the Announcement Date, if the Recipient is found to be noncompliant or in default under any CDFI Fund award, the CDFI Fund may, in its sole discretion, rescind the CMF Award to the Recipient if:
- (1) the Recipient fails to remedy the noncompliance within the timeframe established in writing by the CDFI Fund, or
  - (2) the Recipient fails to satisfy any condition related to the noncompliance or default within the timeframe established in writing by the CDFI Fund.

### **3.8 Authorized Uses of Program Income; Requirements for Reinvestment.**

- (a) If applicable as noted in Section 3.8 of Schedule 1, Program Income in the form of principal and equity repayments of the CMF Award earned during the Investment Period must be reinvested by the Recipient as part of its continued performance under the CMF Award. Any interest received on the CMF Award and any other Program Income earned during the remaining period of performance after the Investment Period has ended, must be used by the Recipient solely to further the objectives of its mission as a certified CDFI or Nonprofit Organization. For purposes of this Section 3.8, Program Income that is repaid from debt or equity or returned and made available to the Recipient during the Investment Period due to the CMF Award becoming unrestricted from Loan Loss Reserves or Loan Guarantees shall be deemed to be Program Income.

Program Income earned during the Investment Period must be reinvested by the Recipient as described below:

- (1) Recipient shall invest such Program Income in the Eligible Uses identified in Section 3.2(a).
- (2) Recipient shall invest such Program Income in the eligible activities identified in Section 3.2(b).
- (3) Recipient shall use such Program Income to achieve the production targets set forth in Section 3.2(c).
- (4) Recipient shall use such Program Income to achieve the rental Affordable Housing requirement set forth in Sections 3.2(d)(i) and 5.2(a).
- (5) Recipient shall use such Program Income to achieve the Homeownership Affordable Housing requirement set forth in Sections 3.2(d)(ii) and 5.3(a).
- (6) Recipient shall use such Program Income to achieve the Areas of Economic Distress and/or High Opportunity Areas for rental Affordable Housing requirement set forth in Section 3.2(d)(iii).

- (7) Recipient shall use such Program Income to achieve the Economic Development Activities in Low-Income Areas requirement set forth in Section 3.2(d)(iv).
- (8) Recipient shall use 100 percent of such Program Income to finance and/or support Affordable Housing, Community Service Facilities and/or EDA physical structures located in any State of the United States, the District of Columbia or any territory of the United States.
- (9) Recipient shall use such Program Income to achieve the leverage requirements set forth in Section 3.2(g). For purposes of this section, only Projects financed and/or supported with such Program Income and completed within the Investment Period will be counted towards Eligible Project Costs, as further stipulated in Section 3.5(h). For purposes of Section 3.2(g), costs paid for with such Program Income will be deemed as paid for by the CMF Award for purposes of determining Eligible Project Costs and as further stipulated in Section 3.5(h).
- (10) For items (3)-(4) and (9) above, only Affordable Housing, Community Service Facilities and/or EDA physical structures, as applicable, financed or supported with such Program Income that achieve Project Completion by the end of the Investment Period will be counted towards the requirements in Sections 3.2 and 5.3.
- (11) Recipient shall use such Program Income to achieve the Eligible Project Costs requirements set forth in Section 5.1. For purposes of Section 5.1 costs paid for with such Program Income will be deemed as paid for by the CMF Award for purposes of Eligible Project Costs, subject to Section 3.5(h). For purposes of this section, only Projects financed and/or supported with such Program Income and completed within the Investment Period will be counted towards Eligible Projects Costs, and as further stipulated in Section 3.5(h).
- (12) With regard to rental Affordable Housing financed and/or supported with such Program Income, the Recipient shall comply with the Project level targeted income requirements set forth in Section 5.2(b).
- (13) Any Affordable Housing resulting from such Program Income, shall be subject to the Affordability Period beginning on the date that the Project achieves Initial Occupancy.
- (14) There is no initial disbursement requirement for such Program Income.
- (15) For any Project financed or supported with Program Income as described in this Section 3.8(a), the Recipient shall have either: (a) up to thirty-six (36) months from the time the Project is committed to obtain Project Completion, as defined in

12 CFR 1807.503; or (b) by the Investment Period End Date in 3.2(j) of Schedule 1, whichever is later. In any case, any Project that achieves Project Completion after the Investment Period End Date shall not be counted towards meeting the Performance Goals.

- (16) The reinvestment requirement of this Section 3.8(a) is only triggered when the cumulative balance of Program Income earned equals \$100,000 or greater. During the Investment Period any Program Income earned and not subject to Project Commitment, in an amount that is less than \$100,000, shall be reinvested as required of this Section 3.8(a) or placed in an interest bearing account until the cumulative amount of Program Income reaches \$100,000 or greater. If and when the cumulative balance of Program Income earned reaches \$100,000 or greater during the Investment Period, the Recipient shall achieve Project Commitment and reinvest any amount in excess of the \$100,000 threshold within 12 months of the end of the Recipient's fiscal year in which the applicable balance was achieved, and as required of this Section 3.8(a). If the cumulative amount of Program Income does not reach \$100,000 by the end of the Investment Period, the Recipient shall use such Program Income to further the objectives of its mission as a Certified CDFI or Nonprofit Organization.
  
- (b) If applicable as noted in Section 3.8 of Schedule 1, Program Income in the form of principal and equity repayments of the CMF Award earned during the Investment Period must be reinvested by the Recipient as part of its continued performance under the CMF Award. Any interest received on the CMF Award and any other Program Income earned during the remaining period of performance after the Investment Period has ended must be used by the Recipient solely to further the objectives of its mission as a certified CDFI or Nonprofit Organization. For purposes of this Section 3.8, any repayment of debt or equity or due to the CMF Award becoming unrestricted from Loan Loss Reserves or Loan Guarantees, that is returned and made available to the Recipient during the Investment Period, shall be deemed to be Program Income. Such Program Income must be reinvested by the Recipient as described below:
  - (1) Recipient shall invest such Program Income in any Eligible Uses described in Section 3.2(a).
  - (2) Recipient shall invest such Program Income in any eligible Affordable Housing Activities described in Section 3.2(b).
  - (3) Recipient shall use 100 percent of such Program Income to finance and/or support Affordable Housing, Community Service Facilities and/or EDA physical structures located in any State of the United States, the District of Columbia or any territory of the United States.

- (4) If Recipient uses its Program Income on any Project that achieves Project Completion by the date specified in Section 3.2(j), it may use such Program Income to achieve the leverage requirements set forth in Section 3.2(g). For purposes of this section, only Projects financed and/or supported with such Program Income and completed within the Investment Period will be counted towards Eligible Project Costs, as further stipulated in Section 3.5(h). For purposes of Section 3.2(g), costs paid for with such Program Income will be deemed as paid for by the CMF Award for purposes of determining Eligible Project Costs and as further stipulated in Section 3.5(h).
- (5) Recipient may use such Program Income to achieve the Eligible Project Costs requirements set forth in Section 5.1. For purposes of Section 5.1 costs paid for with such Program Income will be deemed as paid for by the CMF Award for purposes of Eligible Project Costs, subject to Section 3.5(h). For purposes of this section, only Projects financed and/or supported with such Program Income and completed within the Investment Period and as further stipulated in Section 3.5(h) will be counted towards Eligible Projects Costs.
- (6) In the case where Recipient uses such Program Income to finance and/or support Multi-family rental housing, the requirements set forth in Section 5.2(b) shall apply.
- (7) Any Affordable Housing resulting from such Program Income earned during the Investment Period shall be subject to the Affordability Period beginning the date that the Project achieves Initial Occupancy.
- (8) There is no initial disbursement requirement for such Program Income.
- (9) For any Project financed and/or supported with Program Income as described in this Section 3.8(b), the Recipient shall have either: (a) up to thirty-six (36) months from the time the Project is committed to obtain Project Completion, as defined in 12 CFR 1807.503; or (b) by the Investment Period End Date in 3.2(j) of Schedule 1, whichever is later. In any case, any Project that achieves Project Completion after the Investment Period End Date shall not be counted towards meeting the Performance Goals.
- (10) The reinvestment requirement of this Section 3.8(b) is only triggered when the total cumulative balance of such Program Income earned equals \$100,000 or greater. During the Investment Period, any Program Income earned that has not achieved Project Commitment in an amount that is less than \$100,000, shall be reinvested as required of this Section 3.8(b) or placed in an interest-bearing account until the cumulative amount of such Program Income reaches \$100,000 or greater. If and when the cumulative balance of such Program Income earned reaches \$100,000 or greater during the Investment Period, the Recipient shall



achieve Project Commitment and reinvest any amount in excess of the \$100,000 threshold within 12 months of the end of the Recipient's fiscal year in which the applicable balance was achieved, and as required by this Section 3.8(b). If the cumulative amount of Program Income does not reach \$100,000 by the end the Investment Period, the Recipient shall use such Program Income to further the objectives of its mission as a Certified CDFI or Nonprofit Organization.

- (c) Any Program Income earned during the Investment Period in the form of interest payments and all other forms of Program Income (except as described in Section 3.8(a) or (b)), shall be used by the Recipient solely to further the objectives of its mission as a Certified CDFI or Nonprofit Organization.
- (d) Any Program Income in any form, including both principal or equity repayments of the CMF Award and interest payments, that is earned after the Investment Period and during the remaining Period of Performance, shall be used by the Recipient solely to further the objectives of its mission as a Certified CDFI or Nonprofit Organization.

### **3.9 Restrictions on the Use of Program Income.**

- (a) The Recipient shall not use any Program Income in a manner other than as authorized under this Assistance Agreement, as described in Section 3.8, unless the Recipient consults with and obtains the prior written approval of the CDFI Fund.
- (b) The Recipient shall not use any Program Income earned hereunder to pay any person to influence or attempt to influence any agency, elected official, officer or employee of a State or local government in connection with the making, award, extension, continuation, renewal, amendment, or modification of any State or local government contract, grant, loan or cooperative agreement as such terms are defined in 31 USC 1352.
- (c) The Recipient shall not use any Program Income to pay any costs incurred in connection with (i) any defense against any claim or appeal of the United States Government, any agency or instrumentality thereof (including the CDFI Fund), against the Recipient, or (ii) any prosecution of any claim or appeal against the United States Government, any agency or instrumentality thereof (including the CDFI Fund), which the Recipient instituted or in which the Recipient has joined as a claimant.
- (d) The Recipient shall not use any Program Income for Indirect Costs, as defined in the Uniform Administrative Requirements.
- (e) In no event shall the Recipient use any Program Income for Economic Development Activities during the Investment Period, unless the Recipient has been authorized by the CDFI Fund to use its CMF Award for Economic Development Activities, as so indicated in Schedule 1 of this Assistance Agreement. Furthermore, if Program Income is used for Economic Development Activities, the total amount of CMF Award and Program Income

used for Economic Development Activities may not exceed thirty percent (30%) of the CMF Award amount (*i.e.*, the amount of the CMF award listed on the signature page of this Assistance Agreement times 30%).

- (f) The Recipient may use Program Income for Direct Administrative Expenses during the Investment Period subject to the following: If Program Income is used for Direct Administrative Expenses during the Investment Period, the total amount of CMF Award and Program Income used for Direct Administrative Expenses may not exceed five percent (5%) of the CMF Award amount (*i.e.*, the amount of the CMF award listed on the signature page of this Assistance Agreement times 5%).
- (g) The Recipient may use Program Income for Feasibility Determination Expenses during the Investment Period subject to the following: If Program Income is used for Feasibility Determination Expenses during the Investment Period, the total amount of CMF Award and Program Income used for Feasibility Expenses may not exceed five percent (5%) of the CMF Award amount (*i.e.*, the amount of the CMF award listed on the signature page of this Assistance Agreement times 5%).
- (h) The Recipient may use Program Income earned in the form of principal and equity repayments on a Project that was supported and/or received prior funding from the CMF Award issued under this Assistance Agreement, or another CMF Award issued under a different Assistance Agreement. However, such Program Income earned in the form of principal and equity repayments cannot be counted in the Eligible Project Costs calculation on a Project that was supported and/or received prior funding from the CMF Award issued under this Assistance Agreement. If the Project was supported and/or received prior funding from another CMF Award issued under a different Assistance Agreement, the Eligible Project Costs must be prorated.

### **3.10 CMF Recipients Using the Consortium Approach.**

If applicable, the CMF Recipient that is also a Consortium Member makes the certifications for using the Consortium Approach, as set forth in Schedule 4-1 herein. The Consortium Member must have entered into a CMF Recipient Consortium Member Agreement, as set forth in Schedule 4-2 herein.

- (a) The CMF Recipient Consortium Member Agreement, among other things, shall include:
  - (i) a statement of purpose for the Consortium to include the Development, Preservation and/or Rehabilitation of Affordable Housing pursuant to 24 CFR 1807.300; (ii) a requirement that each Consortium Member will use its respective FY 2024 CMF Award to invest in each Project undertaken by all Consortium Members; and (iii) a brief description of the governance structure of the Consortium.
- (b) The Recipient shall abide by the terms under this CMF Assistance Agreement and provide assurances that each Consortium Member will work as part of the Consortium in

accordance with all CMF requirements and obligations as set forth herein and under applicable regulations.

## ARTICLE IV

### 4. Commitment and Disbursement

#### 4.1 Committed for Use.

The Recipient shall demonstrate, in written form and substance that is acceptable to the CDFI Fund, a commitment for Eligible Use of the CMF Award, as set forth in Section 1807.501 and no later than the date(s) set forth in Schedule 1 (*i.e.*, the CMF Award must be Committed for Use by the Recipient within two years from the Effective Date of the CMF Award).

#### 4.2 Project Commitment.

The Recipient shall demonstrate that its CMF Award is Committed to specific Project(s) no later than the date set forth in Schedule 1 (*i.e.*, the Project Commitment of the entire CMF Award must be achieved within three years from the Effective Date of the CMF Award). Each Project Commitment shall be in written form, specify the amount of CMF Award Committed to a specific Project, and be dated no later than the applicable Project Commitment Date. The Recipient must evidence a Project Commitment with a written, legally binding agreement to invest in a Project by providing the CMF Award proceeds to the qualifying Family, developer or project sponsor for a Project in which:

- (a) Construction on real estate can reasonably be expected to start within 12 months of the Project Commitment agreement date; or
- (b) Property title on real estate will be transferred within six months of the Project Commitment agreement date; or
- (c) Construction schedule on real estate ensures Project Completion before the Investment Period End Date specified in Schedule 1 herein; or
- (d) The Recipient has entered into a Secondary Market Mortgage Purchase agreement with a third-party lender to purchase the Secondary Market Mortgages as defined in 12 CFR 1807.104 and the subject Mortgages would not otherwise be originated by the third-party lender; or
- (e) A Project Commitment for a qualified Homeownership Program has been made by the action of the Recipient's Board of Directors; or

- (f) The Recipient has entered into a Loan Guarantee agreement or has established a cash reserve, escrow, or accounting-based accrual reserve with a lender or investor for a Loan Loss Reserve.

For purposes of demonstrating Project Commitment, an Affiliate of the Recipient that is a separate legal entity is deemed a third-party.

#### **4.3 Alternative Forms of Project Commitment.**

In cases where there is no counterparty for purposes of a Project Commitment and the Recipient serves in the role as the developer for the Project; or Recipient is financing and/or supporting a Project for Purchase and the Project is not owned, sponsored, or being developed by a limited partnership, limited liability company or other separate legal entity; or the Recipient has Committed for Use its CMF Award to a Loan Loss Reserve where the reserve is not pledged to a third party or separate legal entity affiliated with the Recipient, but is used to reserve against losses from loans directly made by the Recipient, the Recipient may evidence a Project Commitment via a resolution of its board of directors for an identified Project or Affordable Homeownership Program. Such resolution shall be in the form and meet the minimum requirements as described below. For purpose of evidencing Project Commitment for Affordable Homeownership Purchase and achieving Project Completion for Purchase, the Recipient's entire portfolio of Homeownership financed and/or supported with the CMF Award under a Homeownership Program will be deemed a Project.

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

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

#### **4.4 Revisions to Commitment.**

Once a Project Commitment is made using a portion or all of the CMF Award, the Commitment may be changed, terminated, cancelled, withdrawn, or substituted only under the following circumstances, unless the Commitment is terminated after the disbursement of CMF Award dollars to a specific Project:

- (a) Prior to the Project Commitment Date specified in Section 3.2(h). A Project Commitment can be withdrawn or terminated and recommitted to another Project if no CMF Award dollars have been disbursed under the initial Project Commitment.
- (b) After the Project Commitment Date specified in Section 3.2(h). A Project Commitment can be withdrawn or terminated if the Project is no longer feasible, is past the Project Commitment Date and no CMF Award dollars were disbursed to the Project. The Project being “no longer feasible” shall mean that the Recipient cannot make the CMF investment to the Project due to:
  - (1) Project delays preventing completion by the Project Completion date;
  - (2) Project sponsor’s or other parties’ unwillingness to cooperate with Recipient’s CMF requirements;
  - (3) The Recipient identifying another Project that will be a better fit for the CMF investment; or
  - (4) Other reasons deemed reasonable by the CDFI Fund as set forth in guidance.

The Recipient shall identify and make a Project Commitment to an eligible Project(s) as a substitution before the end of the Investment Period. The Recipient shall meet all of its Performance Goals by the Project Completion deadline. Withdrawal of a Project Commitment after the Project Commitment Date specified in Section 3.2(h) is a Material Event and subject to the reporting requirements outlined in Section 7.8.

- (c) In the event a Recipient terminates a CMF Project Commitment after disbursement of the CMF Award to the Project, but prior to the Project Completion, it will be deemed an event of noncompliance. The Recipient must notify the CDFI Fund via a Material Event Form within 30 days of terminating the Project Commitment, as outlined in Section 7.8.

#### **4.5 Disbursement.**

The Recipient shall make an initial disbursement of either all or a portion of the CMF Award for Affordable Housing Activities or Economic Development Activities by the date set forth in Schedule 1. The entire CMF Award shall be fully disbursed by the Recipient as of the end of the Investment Period. Funds are considered disbursed when they are provided to the project sponsor, developer, borrower, Eligible-Income Family or Community Service Facility (or other physical structure arising from an Economic Development Activity). If the Recipient uses its

CMF Award to fund a Loan Loss Reserve or Loan Guarantee, such funds shall be deemed disbursed, for purposes of Section 3.2(i) and this Section 4.4, at the time the funds are obligated to guarantee or reserve against specific loans or investments for Affordable Housing, Community Service Facilities and/or EDA physical structures.

#### **4.6 Completion.**

Upon Project Completion, the Project must be Placed into Service by the date designated in Section 3.2(l) in this Assistance Agreement.

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

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

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

## ARTICLE V

### 5. Affordability Requirements

#### 5.1 Affordability Requirements in General.

The Recipient shall ensure the following affordability qualifications are met for Projects during the Affordability Period:

- (a) Housing must meet the affordability requirements for the duration of the Affordability Period, beginning at Initial Occupancy and after Project Completion, or for Affordable Homeownership, beginning at the time of Purchase by the Homebuyer. The Recipient shall ensure that one hundred percent (100%) of total Eligible Project Costs attributable to Affordable Housing are for CMF Units leased or owned by Eligible-Income Families.
- (b) The Recipient shall ensure that, at a minimum, greater than fifty percent (50%) of the total Eligible Project Costs attributable to Affordable Housing are for CMF Units that are leased or owned by Low-Income Families, as set forth in 12 CFR 1807.400, *et seq.*

#### 5.2 Rental Affordability Qualifications

The Recipient shall ensure that the rental affordability requirements, as set forth in 12 CFR 1807.400 *et seq.*, and the following requirements are met:

- (a) Portfolio-level targeted incomes. If applicable, at the end of the Investment Period the percentage of rental Affordable Housing, as measured over the Recipient's entire portfolio of rental Affordable Housing financed and/or supported by this CMF Award, leased by Very Low-Income Families, shall be no less than that set forth in Schedule 1 of this Agreement.
- (b) Project-level targeted incomes. For each Multi-family rental Affordable Housing Project, at least twenty percent (20%) of the units in each Project shall be leased by Low-Income Families. For the purposes of this Section 5.2(b), a project consists of one or more buildings or structures on the same site that together are considered one property (or on scattered sites if developed together) under the same ownership.
- (c) The maximum rent, including utility allowances for each CMF Unit, shall not exceed the limitations set forth below:

- (1) For CMF Units rent-restricted to incomes no greater than 120 percent of area median income, annual gross rent is calculated at 30 percent of 120 percent of the area median income as determined by HUD, adjusted for bedroom size.
  - (2) For CMF Units rent-restricted to incomes no greater than 80 percent of area median income, annual gross rent is calculated at 30 percent of 80 percent of the area median income as determined by HUD, adjusted for bedroom size.
  - (3) For CMF Units rent-restricted to incomes no greater than 60 percent of area median income, annual gross rent is calculated at 30 percent of 60 percent of the area median income as determined by HUD, adjusted for bedroom size.
  - (4) For CMF Units rent-restricted to incomes no greater than 50 percent of area median income, annual gross rent is calculated at 30 percent of 50 percent of the area median income as determined by HUD, adjusted for bedroom size.
  - (5) For CMF Units rent-restricted to incomes no greater than 30 percent of area median income, annual gross rent is calculated at 30 percent of 30 percent of the area median income as determined by HUD, adjusted for bedroom size.
- (d) Gross rent includes the cost of utilities paid directly by the tenant, except for phone, cable and internet. The maximum tenant-paid rent is the sum of the applicable rent limit in subpart (c) minus the applicable utility allowance.
- (e) At the time of each initial lease and occupancy, the tenant income of a Family shall be determined to ascertain income eligibility. During the Affordability Period, the tenant income of a Family shall be re-examined annually except for the following:
- (1) Projects where 100 percent of the units are subject to rent limitation as set forth in Section 5.2(c); and/or
  - (2) Rent-restricted units where the rent and income restrictions are tied to a specific unit with a fixed address.
- (f) One of the following two definitions of “annual income” must be used to determine whether a Family is income-eligible:
- (1) Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes;  
or
  - (2) “Annual Income” as defined at 12 CFR 1807.401(f)(2)(ii).



- (g) In the event the tenant income of a Family occupying a CMF Unit increases, pursuant to 12 CFR 1807.401(g), another unit at the Project may be rent-restricted at the same income level, or if no such additional units are available, the CMF Unit will continue to qualify as Affordable Housing as long as the next available vacant unit is leased to a qualified income Family. The allowable maximum annual rent amount will equal 30 percent of the Family income but not exceed market rent for a comparable unit, subject to state and local laws.
- (h) The Recipient shall ensure that all tenants occupying rental CMF Units shall be required to enter into a written lease or rental agreement setting forth the terms and requirements which are, but not limited to, in compliance with applicable State and local law.
- (i) The affordable housing rental provisions of 12 CFR 1807.401 *et seq.*, are otherwise met.
- (j) Preservation shall include the refinancing of Multi-family rental housing to extend the existing affordability restrictions set to expire during the Investment Period, or other timeline as defined by the CDFI Fund, by at least an additional 10-year Affordability Period or as set forth in the Assistance Agreement. Preservation may also include the imposition of a new Affordability Period on Housing not currently subject to affordability restrictions.
- (k) In the event of a refinancing, restructuring, or other event that results in the Recipient's loss of privity with respect to a rental Affordable Housing Project, the CDFI Fund reserves the right to seek corrective actions, including any in Section 8.2 of this Agreement, from the Recipient in order to satisfy or otherwise address the affordability requirements for the remaining duration of the Affordability Period to the satisfaction of the CDFI Fund. Corrective actions may include, but not limited to, requiring that the Recipient shall invest its own dollars in a replacement rental Affordable Housing Project, or requiring that the Recipient shall demonstrate through legal instruments, filings, and other documentation (e.g., deed restrictions, covenants running with the land, etc.) that the original rental Affordable Housing Project will continue to meet the affordability requirements for the remaining duration of the Affordability Period.
- (l) For any rental Affordable Housing financed or supported with a CMF Award, the Recipient shall ensure that the necessary deed restrictions, covenants running with the land, or other recording instruments, as applicable, are filed in accordance with 12 CFR 1807.401, and the Recipient shall report as requested for each Project Placed into Service that mechanisms such as deed restrictions, covenants running with the land, or other recording instruments, as applicable, have been put in place to impose the affordability requirements for each property until the exit of that property from the Affordability Period, regardless of any change in property ownership or other restrictions or conditions. The Recipient shall ensure that all filings and recordings are duly made, such that all the necessary CMF affordability requirements imposed on each property are enforceable under all applicable Federal, State, and local laws. In connection with these filings and

recordings, the CDFI Fund reserves the right to review the filings and/or recordings for compliance with these requirements and/or require that the Recipient submit to the CDFI Fund an opinion from its legal counsel that the CMF affordability requirements that are to be imposed are enforceable under the laws of the State and locality where the Affordable Housing is located.

- (m) All the occupants of the Affordable Housing must not be full-time students unless they are: (1) married students who file a joint tax return; (2) students who receive assistance under Title IV of the Social Security Act; (3) students enrolled in a job training program; (4) students who are single parents with children who are their dependents, as defined in IRC Section 152; or (5) students who previously were part of a foster care program.

### **5.3 Homeownership Affordability Qualifications.**

The Recipient shall ensure that the Homeownership affordability requirements, as set forth in 12 CFR 1807.400 *et seq.*, and the following requirements are met for Housing financed under any Homeownership Program, as applicable during its Affordability Period and for each year that the Recipient has an Affordability Period in effect.

- (a) Portfolio-level targeted incomes. If applicable, after the end of the Investment Period, the percentage of Homeownership Affordable Housing, financed and/or supported with the CMF Award and owned by: (A) Families with incomes above 80% and no greater than 120% of area median income located in Areas of Economic Distress; (B) Low-Income Families (up to 80% of area median income) located in or outside of Areas of Economic Distress; or (C) a combination of (A) or (B), shall be no less than the percentage set forth in Schedule 1 of this Assistance Agreement.
- (b) The Housing must be Single-family housing. Single-family housing under this section is subject to the Affordability Period and as further set forth in 12 CFR 1807.402(a)(1)(v). The period of affordability does not apply to additional units rented as Permanent Housing, as described in Section 1807.402(a)(1)(v).
- (c) The Housing price does not exceed the purchase price limits (or for owner-occupied rehabilitation, the after-rehabilitation value) for the area under the HUD FHA Section 203(b) Mortgage Insurance Program on the date of sale. The related mortgage must be originated based upon an assessment of whether the Homebuyer can repay the loan based on terms and conditions that are transparent and understandable to the Homebuyer, and the mortgage is affordable to the Homebuyer over the life of the loan.
- (d) Preservation may include the refinancing of owner-occupied Single-family housing with the extension of the Affordability Period for at least 10 years.
- (e) The Housing must be owned or purchased by a qualifying Family as set forth in 12 CFR 1807.400. To determine whether a Homebuyer is income-eligible under this section, the Recipient must use the Homebuyer's adjusted gross income as defined under Internal

Revenue Service (IRS) Form 1040 series for individual Federal annual income tax reporting purposes, as set forth in Section 1807.402(a)(1)(iv). The Recipient must establish a process for verifying and documenting Family income that is in compliance with all applicable Federal and State lending laws. Family income statements must be verified by third-party documentation (*e.g.*, pay-stubs, income statements, tax returns, records of self-employment, etc.).

- (f) The Housing financed and/or supported by the CMF Award must be the principal residence of the Family. Homeowners of one- to four- unit Single-family housing may rent the additional unit(s) as Permanent Housing if at least one unit is maintained as the principal residence of the Homebuyer.
- (g) The Housing must meet the definition of “Homeownership” as defined in 12 CFR 1807.104.
- (h) Resale, recoupment, replacement strategies are imposed as described in 12 CFR 1807.402(a)(1)(vi) and must satisfy the following:
  - (1) Upon the establishment of a Homeownership Program, the Recipient shall have prepared in writing, and its board of directors (or equivalent) shall have approved, a resale, recoupment, replacement strategy that meets the requirements of 12 CFR 1807.402(a)(1)(vi) and is subject to inspection by the CDFI Fund at any time thereafter pursuant to Section 7.3 of this Assistance Agreement.
  - (2) At a minimum, this written resale, recoupment, replacement strategy shall include mechanisms for:
    - (i) The occupying Family to provide notice to the Recipient of the sale or transfer of a CMF Unit;
    - (ii) The Recipient to provide notice to the CDFI Fund through the CMF Performance Report for the same performance year when the Recipient utilizes this resale or recoupment strategy;
    - (iii) The Recipient may design and implement its own recoupment, replacement, and/or resale strategy. Deed restrictions, covenants running with the land, or other similar instruments may be used as the mechanism to impose a strategy. The recoupment, replacement, and/or resale strategy shall ensure that:
      - (A) in the event the qualifying Family sells the Housing in five years or less from the date of Purchase, the Housing must be sold to an Eligible-Income Family meeting the qualifications set forth in Section 1807.402, or the CMF Award investment is fully recouped and the Housing replaced with a replacement unit to satisfy the affordability requirement for the remainder of

the 10-year affordability period. If the Housing is replaced, the replacement unit must be resold to an Eligible-Income Family and must meet the qualifications set forth in Section 1807.402;

(B) in the event a qualifying Family sells the Housing any time after five years from the date of Purchase but before the end of the 10-year affordability period, the Housing must either be sold to a new Eligible-Income Family or, if the Housing is not sold to an Eligible-Income Family, the CMF investment must be recouped in a proportional amount from net sale proceeds and deemed Program Income. If the Housing is not resold to an Eligible-Income Family after the five-year anniversary of the Purchase date and the Recipient recoups a proportional amount of the CMF Awards as Program Income, the Recipient is not required to replace the sold Housing with a replacement unit. The proportional amount of the CMF Award to be recouped shall be calculated as the amount equal to one-tenth of the Award invested to finance the Housing for each year, or any part of a year, of the 10-year Affordability Period not met; or

(C) Any other provisions deemed appropriate or necessary by the CDFI Fund.

- (3) The resale or recoupment or replacement of any housing shall be made in accordance with this written strategy and reported to the CDFI Fund.
  - (i) If applicable, rental CMF Units may be converted to Homeownership CMF Units under an existing, documented rent-to-own program and in accordance with 12 CFR 1807.402(e). Converted Units are subject to the remainder of the Affordability Period for that Unit.
  - (j) The affordability restrictions are allowed to terminate upon occurrence of any of the following termination events: Foreclosure, transfer in lieu of foreclosure, or assignment of an FHA-insured mortgage to HUD, subject to 12 CFR 1807.402(a)(3).
  - (k) The affordable Homeownership provisions of 12 CFR 1807.402 *et seq.*, are otherwise met.

#### **5.4 Economic Development Activities.**

Pursuant to 12 CFR 1807.300(b) and 1807.403, the Recipient must ensure that the Economic Development Activities (EDA) financed with the CMF Award maintain an eligible EDA use for a minimum of three (3) years, and that no more than thirty percent (30%) of its CMF Award is used to finance EDA. EDA must be undertaken in conjunction with any affordable housing that is authorized as such under applicable local, State or Federal housing program laws, and reasonably available to, physically proximate to, and beneficial to residents of affordable housing. A qualifying affordable housing project is one that is subject to affordability restrictions under local, State or Federal law. The Recipient must also retain its evidence of a

Concerted Strategy pursuant to the record retention requirements set forth in Section 7.3 of this Assistance Agreement. The Recipient must report in its Annual Report – Performance Report (as described in Schedule 1-B) the address of at least one qualifying affordable housing project at the time a CMF Project Commitment is made, in order to demonstrate compliance with the Concerted Strategy.

**5.5 Tracking Affordability during the Affordability Period.**

Once the Recipient achieves Project Completion for any given Project, the Recipient shall designate the number of CMF Units attributable to the Eligible Project Costs of that Project, as well as the income restrictions for these units. The Recipient is responsible for tracking this number of units within the Project for the duration of the Affordability Period. Each year during the Affordability Period, the Recipient shall report on its compliance with the requirements of this Section 5.5 in the Recipient’s Annual Report – Performance Report (as described in Schedule 1-B). The Recipient shall ensure that the CMF Units meet the affordability requirements for no less than ten (10) years, beginning after Project Completion and on the date when the Affordable Housing achieves Initial Occupancy, by conducting or ensuring the following:

(a) For rental CMF Units:

- (1) At the time of each initial lease and occupancy, determination of the tenant income of the Family to ascertain income eligibility;
- (2) Re-examination of the existing tenant income annually in accordance with 12 CFR 1807.401(f), except for those Projects where 100 percent of the CMF Units are subject to rent limitations as set forth in Section 5.2(e)(1), or for those rent-restricted units where the rent and income restrictions are tied to a specific unit with a fixed address as set forth in Section 5.2(e)(2) herein;
- (3) The requirements of Section 5.2 are met;
- (4) The Housing adheres to the applicable maximum monthly allowances for utilities and services (excluding telephone) in accordance with 12 CFR 1807.401(c);
- (5) Any increase in rents adheres to the rent limitations and notice requirements set forth in 12 CFR 1807.401(a) and (e); and
- (6) Any temporary noncompliance resulting from CMF Units that are occupied by tenants that are over-income is resolved in accordance with 12 CFR 1807.401(g).

(b) For Homeownership Affordable Housing:

- (1) The original or a subsequent qualifying Family owns and resides in the Housing, provided that qualifications for each such qualifying Family are determined at the

time the equitable title of the Housing is transferred to the qualifying Family, or at or around the time the Affordable Housing Activity achieves Project Completion. Income verifications should rely on third party documentation and not solely on self-certification by the qualifying Family.

- (2) Resale strategies pursuant to Section 5.3(g) and 12 CFR 1807.402(a)(1)(vi) are imposed should the Housing be sold to a non-Eligible-Income Family.

### **5.6 Presumptive Compliance**

The CDFI Fund deems the Federal program requirements, designations and/or reporting criteria as Presumptively Compliant and meeting the requirement set forth in 12 CFR 1807.106, as identified in the CMF Post-Award Policy and Compliance Manual published on the CDFI Fund's website.

## **ARTICLE VI**

### **6. Representations and Warranties**

The Recipient hereby represents and warrants to the CDFI Fund the following:

#### **6.1 Organization, Standing and Powers.**

The Recipient is a validly existing Indian Tribe or an entity validly existing and in good standing under Federal law or the laws of the State or Tribe of its legal formation and has all requisite power and authority to own and operate its assets and properties, to carry on its business as it is now being conducted and to carry out its proposed, hereby authorized use(s) of the CMF Award provided hereunder.

#### **6.2 Qualification.**

The Recipient is duly qualified, in good standing and authorized to transact business in each jurisdiction where the conduct of the Recipient's business, the carrying out of its proposed, hereby authorized use(s) of the CMF Award to be provided hereunder or the ownership of its assets and properties requires such qualification, or, if not so qualified, the Recipient's failure so to qualify shall not have a material adverse effect on the Recipient, its financial condition or operations and will not impair the Recipient's ability to carry out its proposed, hereby authorized use(s) of the CMF Award to be provided hereunder or its right to enforce any material agreement to which it is a party. The Recipient has performed and complied with all applicable agreements and conditions required by the Assistance Agreement to be performed or complied with by it before or at the Closing.

#### **6.3 Authorization; Consents.**

The execution, delivery and performance by the Recipient of the Assistance Agreement and the carrying out of its proposed, hereby authorized use(s) of the CMF Award provided hereunder are within the Recipient's corporate powers and have been duly authorized by all requisite corporate

action. No additional consent, license, approval, authorization, qualification, exemption, franchise, designation, permit or order of, notice to or declaration or filing with, any third party, including, without limitation, any governmental entity (other than the CDFI Fund), which has not been previously obtained is required in connection with the conduct of the Recipient's business or in connection with the valid execution, delivery and performance by the Recipient of the Assistance Agreement or any documents or agreements connected herewith or the carrying out of the proposed, hereby authorized use(s) of the CMF Award to be provided hereunder.

#### **6.4 Execution and Delivery; Binding Agreement.**

The Assistance Agreement and all documents connected therewith have been or will be, on or before the Effective Date, duly authorized, executed and delivered on behalf of the Recipient and constitute, on or before the Effective Date, legal, valid and binding obligations of the Recipient enforceable in accordance with their respective terms.

#### **6.5 No Conflicts.**

The execution, delivery and performance by the Recipient of the Assistance Agreement and the carrying out of the proposed, hereby authorized uses(s) of the CMF Award provided hereunder shall not result in any violation of and shall not conflict with, or result in a breach of any of the terms of, or constitute a noncompliance under, any provision of Federal or State law to which the Recipient is subject, the Recipient's incorporation, charter, organization, formation, or other establishing documentation, bylaws or any agreement, judgment, writ, injunction, decree, order, rule or regulation to which the Recipient is a party or by which it is bound.

#### **6.6 Litigation.**

The Recipient has neither actual nor constructive knowledge of any suit, action, proceeding, or investigation pending or threatened that questions the validity of the Assistance Agreement or any action taken or to be taken pursuant hereto or contemplated hereby including, but not limited to, the carrying out of the proposed, hereby authorized use(s) of the CMF Award to be provided hereunder.

#### **6.7 Compliance with Other Instruments.**

The Recipient is not, and at any Closing connected herewith will not be, in violation of any provision of its incorporation, charter, organization, formation or otherwise establishing documents, or any loan agreement or other material agreement to which it is a party. The Recipient is not, and at any Closing connected herewith will not be, in violation of any instrument, judgment, decree, order, statute, rule or governmental regulation applicable to it, the violation of which might have a material adverse effect on the business, affairs, operations, or condition of the Recipient.

#### **6.8 Disclosure.**

Neither the Assistance Agreement nor any attachment thereto, nor any certification or other document referenced or incorporated herein or therein and furnished to the CDFI Fund by the Recipient contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein, in light of the

circumstances under which they were made, not misleading. The Recipient has disclosed, in writing, to the CDFI Fund all facts that might reasonably be expected to result in a material adverse effect upon the Recipient's ability either to conduct its principal business or to carry out its proposed and herein authorized use of the CMF Award to be provided hereunder. The Recipient has not knowingly and willfully made or used a document or writing containing any false, fictitious, or fraudulent statement or entry as part of its correspondence or communication with the CDFI Fund. The Recipient acknowledges, under 18 U.S.C. § 1001, that if it knowingly and willfully makes or uses such document or writing, it or its employee(s) or agents shall be fined or imprisoned for not more than five years, or both.

**6.9 Taxes; Debts; Bankruptcy.**

The Recipient is not delinquent on any debts owed to Federal, State, local, or Indian Tribe governments including, but not limited to, amounts due under the Internal Revenue Code, and has never filed for bankruptcy nor had a conservator appointed. The Recipient has neither actual nor constructive knowledge of any pending or anticipated bankruptcy filings or conservatorship appointments on its behalf.

**6.10 Debarment, Suspension, and Other Responsibility Matters.**

Pursuant to 31 CFR 19.335, neither the Recipient nor any of its principals (as defined by 31 CFR 19.995):

- (a) are presently excluded or disqualified from covered transactions by any Federal department or agency;
- (b) within the three-year (3-year) period preceding the date of this Assistance Agreement, have been convicted of or had a civil judgment rendered against them for any of the offenses listed in 31 CFR 19.800(a);
- (c) are presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses listed in 31 CFR 19.800(a);  
or
- (d) within the three-year (3-year) period preceding the date of this Assistance Agreement, have had one or more public transactions (Federal, State, or local) terminated for cause or noncompliance.

**6.11 Status as a Certified CDFI or Nonprofit Organization.**

- (a) For Certified CDFIs: Since its certification as a CDFI, the Recipient has neither actual nor constructive knowledge of any changes that may adversely affect its status as a Certified CDFI.
- (b) For Nonprofit Organizations:



- (1) The Recipient has neither actual nor constructive knowledge of any events or pending matters that may adversely affect its status as a nonprofit or not-for-profit entity under the laws of the Recipient's state of formation.
- (2) The Recipient has neither actual nor constructive knowledge that may adversely affect its Federal income taxation pursuant to the Internal Revenue Code of 1986.
- (3) The Recipient has neither actual nor constructive knowledge of any events or pending matters that may adversely affect that one of its principal purposes is the development or management of affordable housing.

**6.12 Environmental Review Certification and Notification.**

- (a) At the time of Closing, and as applicable each time the Recipient identifies a new Project for which it would like to use the CMF Award, the Recipient certifies the following:
  - (1) The Recipient has identified one or more categorical exclusions, as set forth in 12 CFR 1815.110, that apply to the Recipient's proposed Affordable Housing Activities or Economic Development Activities; and
  - (2) The Recipient has determined that the proposed Project(s) does not involve actions that normally require an Environmental Impact Statement (EIS) as defined in 12 CFR 1815.102(a)(7).
- (b) Each time the Recipient identifies a new project for which it would like to use the CMF Award but cannot make the certifications in Section 6.12(a) above, the Recipient shall complete and submit to the CDFI Fund the Environmental Review Notification Report (form to be provided), but no later than one hundred eighty (180) days prior to the Recipient's Committed for Use Date set forth in Schedule 1.

**6.13 Nondiscrimination Certification.**

Within the two-year (2-year) period preceding the Announcement Date, there has been no final determination of liability in any proceeding instituted against the Recipient in, by or before any court, governmental or administrative body or agency, which proceeding involves allegations of discrimination by the Recipient on the basis of race, color, national origin, disability, age, marital status, receipt of income from public assistance, religion, or sex, for which a corrective action plan has not been implemented. Recipient certifies that it has posted information on its websites, bulletins, and publications that explains how individuals can file a civil rights complaint regarding the allegations of discrimination by the Recipient, including any associated with its products and services.

**ARTICLE VII**

## **7. Covenants and Agreements of the Recipient.**

Until the closeout of the Assistance Agreement pursuant to Section 9.11 of the General Award Terms and Conditions (except with respect to Section 7.4 hereof, which shall remain in effect for three years following the closeout hereof pursuant to said section), the Recipient shall duly perform and observe each and all of the following covenants and agreements:

### **7.1 Compliance with Government Requirements.**

In carrying out its responsibilities pursuant to the Assistance Agreement, the Recipient shall comply with all applicable Federal, State, local and tribal laws, regulations, ordinances, Office of Management and Budget (OMB) requirements, and Executive Orders. Furthermore, the Recipient shall comply with the CDFI Fund's Environmental Quality Regulations (12 CFR part 1815) as well as all other Federal environmental requirements applicable to Federal awards. In accordance with the Uniform Requirement, as amended, Recipient must maintain a current and active registration in SAM.gov at all times during which it has an active Federal award. The Recipient must review and update its information in SAM.gov annually from the date of initial registration or subsequent updates to ensure it is current accurate and complete. The Recipient shall also comply with all applicable Federal nondiscrimination and civil rights laws. Pursuant to Executive Order 13717, the Recipient shall also comply with all applicable earthquake-resistant design provisions of the 2015 editions of the International Building Code or the International Residential Code, nationally recognized building codes promulgated by the International Code Council (ICC), or equivalent ICC codes, and any new versions thereof. Further, the Recipient shall ensure that any Approved SPE, per section 3.5(b) of the Assistance Agreement, is in compliance with all such applicable Federal, State, local and tribal laws, regulations, ordinances, OMB requirements, and Executive Orders. In addition, the Recipient shall participate in any compliance-related or any other training provided by the CDFI Fund relevant to this award or review any training materials provided by the CDFI Fund relevant to this award that the CDFI Fund deems mandatory.

### **7.2 Fraud, Waste and Abuse.**

If the Recipient becomes aware at any time of the existence or apparent existence of fraud, waste or abuse of CMF Award provided pursuant to the Assistance Agreement, the Recipient shall promptly report such incidence(s) to the Office of Inspector General of the U.S. Department of the Treasury by the online form on the OIG website:

<https://www.treasury.gov/about/organizational-structure/ig/Pages/OigOnlineHotlineForm.aspx>, or by calling 1-800-359-3898.

### **7.3 Record Retention and Access.**

- (a) The Recipient shall comply with all record retention requirements set forth in the Uniform Requirements at 2 CFR 200.334-338, as amended. Public access to Recipient records shall be maintained in accordance with the Uniform Requirements at 2 CFR 200.338, including access applicable under the Freedom of Information Act (5 USC 552) (FOIA).

- (b) The Recipient shall maintain such records as may be reasonably necessary to verify that the applicable Performance Goals have been achieved. These records may include, but are not limited to records:
- (1) disclosing the manner in which the Assistance provided hereunder is used;
  - (2) demonstrating compliance with the requirements of the CMF Regulations and the Assistance Agreement; and
  - (3) evaluating the accomplishments of the CMF program. The Recipient shall maintain documentation supporting the data reported by the Recipient to the CDFI Fund.
- (c) The CDFI Fund and the U.S. Department of the Treasury, and their representatives, shall have full and free access during reasonable business hours to the Recipient's offices and facilities and all books, documents, records, reports, and financial statements relevant to the Assistance provided hereunder. The Recipient shall permit any of these authorities to copy such documents as they deem appropriate. The purposes of such inspections and/or audits will include, but not be limited to, ensuring that representations, warranties, covenants, and/or certifications provided by the Recipient are accurate. The CDFI Fund will, consistent with applicable law, including the Freedom of Information Act (5 U.S.C. 552) and the Privacy Act (5 U.S.C. 552a), maintain the confidentiality of all financial and other proprietary information disclosed to the CDFI Fund pursuant to this section.

**7.4 General Data Collection.** The Recipient shall maintain such records as reasonably may be necessary to:

- (a) Disclose the manner in which the CMF Award provided hereunder is used;
- (b) Demonstrate compliance with the requirements of the Act, CMF Regulations, and the Assistance Agreement; and
- (c) Evaluate the accomplishments of the CMF.

**7.5 Equal Credit Opportunity Act.**

The Recipient shall provide its products and services in a manner that is consistent with the Equal Credit Opportunity Act (15 U.S.C. § 1691), to the extent that the Recipient is subject to the requirements of such Act.

**7.6 Certain Insider Activities.**

The Recipient shall comply with the restrictions on insider activities set forth in the CDFI Program Regulations (at 12 CFR § 1805.806).

**7.7 Maintain CDFI Certification (If Applicable); Maintain Status as Nonprofit Organization (if applicable); Maintain Status as an Insured Credit Union, State-Insured Credit Union, Depository Institution Holding Company, or Insured Depository Institution (if applicable).**

- (a) If the Recipient is certified as a CDFI as of the Effective Date of this Assistance Agreement, the Recipient shall do all things necessary to preserve, renew and keep in full force and effect its certification as a CDFI, including, but not limited to, filing any required reports as a Certified CDFI.
- (b) If the Recipient is a Nonprofit Organization as of the Effective Date of this Assistance Agreement, the Recipient shall do all things necessary to maintain its status as a Nonprofit Organization.
- (c) If the Recipient is an Insured Credit Union, Depository Institution Holding Company, Insured Depository Institution or State-Insured Credit Union, the Recipient shall do all things necessary to preserve, renew and keep in full force and effect its status as an Insured Credit Union, Depository Institution Holding Company, Insured Depository Institution, or State-Insured Credit Union, as applicable.

**7.8 Advise the CDFI Fund of Certain Material Events.**

The Recipient shall advise the CDFI Fund in writing, via a Service Request through AMIS, within thirty (30) days of the event and in reasonable detail, of any of the following Material Events:

- (a) Any proceeding instituted against the Recipient in, by, or before any court, governmental or administrative body or agency, which proceeding or its outcome could have a material adverse effect upon the operations, assets or properties of the Recipient;
- (b) Any proceeding instituted against the Recipient in, by or before any court, governmental or administrative body or agency, which proceeding involves allegations of discrimination by the Recipient on the basis of race, color, national origin, disability, age, marital status, receipt of income from public assistance, religion, or sex;
- (c) All violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Failure to make required disclosures can result in any of the remedies described in 2 CFR § 200.339 of the Uniform Requirements;
- (d) Any material adverse change in the condition, financial or otherwise, or operations of the Recipient that would impair the Recipient's ability to carry out the authorized activities and uses of the CMF Award;
- (e) Any substantial change in the business of the Recipient;

- (f) The loss of the Recipient's Insured Credit Union status as defined in 12 U.S.C. § 1752(7) or State-Insured Credit Union (if applicable);
- (g) The occurrence of any Event of Noncompliance, as that term is defined in Section 8.1 hereof, or any event which upon notice or lapse of time, or both, would constitute an Event of Noncompliance;
- (h) The merger, consolidation or acquisition of the Recipient by or with another entity or the plan to assign, pledge, or otherwise transfer any rights, benefits, or responsibilities of the Recipient under the Assistance Agreement, pursuant to Section 9.2;
- (i) Loss of the Recipient's Depository Institution Holding Company status under 12 USC 1813(w)(1) or Insured Depository Institution status under 12 USC 1813(c)(2) (if applicable);
- (j) The debarment, suspension, exclusion, or disqualification, by the U.S. Department of the Treasury, or any other Federal department or agency, of any individual or entity (or principal thereof) that received any portion of the CMF Award in a procurement or non-procurement transaction, as defined in 31 CFR 19.970;
- (k) Any event or change that would result in the Recipient not being certified as a CDFI (if applicable) or losing its status as a Nonprofit Organization (if applicable);
- (l) The existence of any noncompliance with the terms and conditions of any loan or other credit agreement with a creditor other than the CDFI Fund;
- (m) Failure by the Recipient to have committed all of its CMF Award by the date set forth in Schedule 1 of this Assistance Agreement or the withdrawal of a Commitment as described in Section 4.3(b);
- (n) In accordance with Section 9.9(b) of this Assistance Agreement, any change with respect to the Recipient's executive director, chief executive officer, board chairperson, or equivalent leadership official;
- (o) Any amendments or modifications to the deed restrictions, covenants running with the land, or other recordable or similar mechanisms required to be made as they are described in and pursuant to Section 5.2(g) and Section 5.3(k);
- (p) After a Project has achieved Project Completion and Initial Occupancy, any change in the ownership of a Project during the Affordability Period;
- (q) Any instances of non-compliance under any Federal program used to demonstrate Presumptive Compliance as set forth in Section 5.6 for a Project(s) under this CMF Award; or

- (r) Such other events that may be determined by the CDFI Fund, in its sole discretion, to be Material Events and for which the CDFI Fund issues related guidance.

### **7.9 Performance Goals, Tracking Use of the CMF Award, and Interest Earned on Advances.**

Throughout the Period of Performance, the Recipient shall comply with the following:

- (a) The Recipient must satisfy the Performance Goals set forth in Schedule 1 during the timeframe set forth in Sections 3.2, 5.1, 5.2, and 5.3, as applicable.
- (b) The Recipient shall not use the CMF Award under this Assistance Agreement for any Project that receives funding from the Recipient's (or any of its Affiliates') other CDFI Fund program awards or allocations, except as provided in Section 3.5(h) of this Assistance Agreement.
- (c) The Recipient must account for and track the use of the CMF Award and total Eligible Project Costs properly and as further set forth in Schedule 1-B (Annual Report).
- (d) For every dollar of CMF Award received from the CDFI Fund, the Recipient must be able to verify how it was used. This requires the Recipient to separately account for the proceeds and uses of the CMF Award for Eligible Uses set forth in 12 CFR 1807.301. Recipients that are Institutions of Higher Education, Hospitals, Other Non-Profits, State, local, or Federally-recognized Indian Tribe governments should refer section 200.305(b)(11) of the Uniform Requirements for additional guidance on proper treatment of Advance payments, including whether Advance payments need to be held in interest bearing accounts and when interest earned on Advance payments must be remitted back to the Federal Government. Recipients must retain records pursuant to Section 7.3 of this Agreement to document that required payments of interest have been made.
- (e) The Recipient shall determine whether any individual or entity (or principal thereof), receiving any portion of the CMF Award, including any Program Income in the form of principal or equity repayments, is currently debarred, suspended, excluded, or disqualified by the U.S. Department of the Treasury or any other Federal department or agency, as described in 31 CFR Part 19. The Recipient shall include in all of its procurement and nonprocurement contracts and agreements, between the Recipient and an individual or entity (or principal thereof) receiving any portion of the CMF Award, a representation that such individual or entity (or principal thereof) is not currently debarred, suspended, excluded, or disqualified by any Federal department or agency. Notwithstanding the foregoing paragraphs of this Section 7.9, the above representations are not required in those procurement contracts in which the Recipient enters into for goods or services for less than \$25,000.

- (f) The Recipient shall include in all of its nonprocurement transaction agreements, for which it is using the CMF Award, a representation that the individual or entity (or principal thereof) receiving the CMF Award is currently not debarred, suspended, excluded, or disqualified by the U.S. Department of the Treasury or any other Federal department or agency.

**7.10 Federal Funding Accountability and Transparency Act of 2006 (as amended)  
Compliance; reporting subawards and executive compensation.**

(a) Reporting of first-tier subawards.

- (1) Applicability. Unless you are exempt as provided in paragraph (d) of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph (e) of this award term).
- (2) Where and when to report.
  - (i) You must report each obligating action described in paragraph a(i) of this award term to <http://www.fsrs.gov>.
  - (ii) For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
- (3) What to report. You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.

(b) Reporting total compensation of Recipient executives.

- (1) Applicability and what to report. You must report total compensation for each of your five most highly compensated executives for the preceding completed fiscal year, if—
  - (i) the total Federal funding authorized to date under this award is \$25,000 or more;
  - (ii) in the preceding fiscal year, you received—
    - a. eighty percent (80%) or more of your annual gross revenues from Federal procurement contracts (and subcontracts) and Federal awards (and

subawards) subject to the Transparency Act, as defined at 2 CFR 170.300; and

b. \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal awards (and subawards) subject to the Transparency Act, as defined at 2 CFR 170.300; and

(iii) The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 USC 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)

(2) Where and when to report. You must report executive total compensation described in paragraph (b)(i) of this award term:

(i) As part of your registration profile at <http://www.sam.gov/portal/SAM/>.

(ii) By the end of the month following the month in which this award is made, and annually thereafter.

(c) Reporting of total compensation of Subrecipient executives.

(1) Applicability and what to report. Unless you are exempt as provided in paragraph (d) of this award term, for each first-tier subrecipient under this award, you shall report the names and total compensation of each of the subrecipient's five most highly compensated executives for the subrecipient's preceding completed fiscal year, if—

(i) in the subrecipient's preceding fiscal year, the subrecipient received—

a. eighty percent (80%) or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR § 170.300 (and subawards); and

b. \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and subawards); and

(ii) The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the



Securities Exchange Act of 1934 (15 U.S.C. § 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/excomp.htm>.)

- (2) Where and when to report. You must report subrecipient executive total compensation described in paragraph c(1) of this award term:
  - (i) To the recipient.
  - (ii) By the end of the month following the month during which you make the subaward. For example, if a subaward is obligated on any date during the month of October of a given year (i.e., between October 1 and 31), you must report any required compensation information of the subrecipient by November 30 of that year.
- (d) Exemptions. If, in the previous tax year, you had gross income, from all sources, under \$300,000, you are exempt from the requirements to report:
  - (1) Subawards, and
  - (2) The total compensation of the five most highly compensated executives of any subrecipient.
- (e) Definitions. For purposes of this award term:
  - (1) Entity includes:
    - (i) Whether for profit or nonprofit is:
      - a. A corporation;
      - b. An association;
      - c. A partnership;
      - d. A limited liability company;
      - e. A limited liability partnership;
      - f. A sole proprietorship;
      - g. Any other legal business entity;
      - h. Any other grantee or contractor that is not excluded by paragraph (2);
      - i. Any State or locality; and
      - j. Any subcontractor or subgrantee that is not excluded by paragraph (2);
    - (ii) Does not include:
      - a. An individual recipient of Federal financial assistance; or

- b. A Federal employee.
- (2) Executive means an officer, managing partner, or any other employee holding a management position.
- (3) Subawards means an award provided by a pass-through entity to a subrecipient for the subrecipient to contribute to the goals and objectives of the Project by carrying out part of a Federal award received by the pass-through entity. It does not include payments to a contractor, beneficiary, or participant. A subaward may be provided through any form of legal agreement consistent with criteria in with § 200.331, including an agreement the pass-through entity considers a contract.
- (4) Subrecipient means an entity that receives a subaward from a pass-through entity to carry out part of a Federal award. The term subrecipient does not include a beneficiary or participant. A subrecipient may also be a recipient of other Federal awards directly from a Federal agency.
- (5) Total compensation means the cash and noncash dollar value an executive earns during an entity's preceding fiscal year. This includes all items of compensation as prescribed in 12 CFR 229.402(c)(2).

## **ARTICLE VIII**

### **8. Events of Noncompliance and Remedies**

#### **8.1 Events of Noncompliance.**

If any one or more of the following events occurs, the CDFI Fund, in its sole discretion, may find the Recipient to be in noncompliance:

- (a) Fraud, mismanagement, or noncompliance with the Act;
- (b) Any representation, covenant, warranty, certification, assurance, or any other statement of fact set forth in this Assistance Agreement or the Application including, but not limited to, the Assurances and Certifications contained in the Application, or any representation or warranty set forth in any document, report, certificate, financial statement or instrument now or hereafter furnished in connection with the Assistance Agreement, is found by the CDFI Fund to be inaccurate, false, incomplete, or misleading when made, in any material respect;
- (c) A Material Weakness, an audit finding (as described in 2 CFR § 200.516(a) of the Uniform Requirements), a qualified opinion or any statement in the Recipient's annual audited financial statements that evidences a failure of the Recipient to be financially sound, be managerially sound, and/or maintain appropriate internal controls;

- (d) Except as provided in Section 8.1(i), the failure of the Recipient to observe, comply with or perform any term, covenant, agreement, or other provision contained in the CMF Regulations, this Assistance Agreement including, but not limited to, the Performance Goals, or the Application (as modified or superseded by this Assistance Agreement) including, but not limited to, the Assurances and Certifications contained therein or any instrument or other document delivered to the CDFI Fund in connection with or pursuant to the Assistance Agreement;
- (e) The failure of the Recipient to conduct its business in the usual and ordinary course or to maintain its corporate existence and right to carry on its business and duly obtain all necessary renewals, licensing and extensions thereof and to maintain, preserve and renew all such rights, powers, privileges, and franchises;
- (f) The Recipient's becoming insolvent or unable to meet its obligations as they mature, making a general assignment for the benefit of creditors, or consenting to the appointment of a trustee or a receiver, or admitting in writing its inability to pay its debts as they mature;
- (g) The institution of bankruptcy, reorganization, arrangement, insolvency;
- (h) Liquidation proceedings by or against the Recipient and, if instituted against it, the same being consented to by the Recipient or remaining undismissed for a period of thirty (30) calendar days;
- (i) The occurrence of a Material Event (as defined in Section 7.8 of this Assistance Agreement) to the extent that such event has a material adverse effect on the Recipient, its financial condition or business operations and impairs the Recipient's ability to carry out the eligible activities and Eligible Uses;
- (j) The failure of the Recipient to satisfy the conditions set forth in Article IV by the fifth year (5th year) anniversary of the Effective Date;
- (k) The Recipient's failure to properly monitor the activities of an Approved SPE;
- (l) The Recipient's loss of management or Control over its Approved SPE Subsidiary; or
- (m) Any finding by the U.S. Treasury Office of Inspector General of fraud, mismanagement, or similar conduct, as interpreted by the CDFI Fund, on the part of the Recipient or any Affiliates, provided such fraud, mismanagement, or similar conduct was performed or overseen by any current key personnel of the Recipient, as set forth in the Application. Such finding does not provide a cure and may require repayment of any CMF Award that has been distributed to the Recipient pursuant hereto.

## **8.2 Sanctions for Noncompliance.**

If, after reasonable notice and opportunity to cure, the CDFI Fund finds the Recipient to be in noncompliance under Section 8.1, the CDFI Fund may, in its sole discretion, take any one or more of the following actions, subject to Section 8.4:

- (i) Require changes in the Recipient's Assistance Agreement;
- (ii) Revoke approval of the Recipient's Application;
- (iii) Revoke approval of any other applications submitted to the CDFI Fund by the Recipient under any of the CDFI Fund's programs, and declare such applications to be ineligible;
- (iv) Reduce or terminate the CMF Award authorized hereunder;
- (v) Require repayment of any CMF Award that has been distributed to the Recipient pursuant hereto;
- (vi) Render the Recipient ineligible to apply for additional CMF and other Awards or Assistance from the CDFI Fund through future funding rounds;
- (vii) Require the Recipient to convene a meeting(s) of its board of directors at which meeting(s) the CDFI Fund will be given the opportunity to address the attendees with respect to the CDFI Fund's evaluations and concerns regarding the performance of the Recipient under the Assistance Agreement;
- (viii) Limit the availability of the CMF Award to specific uses; or
- (ix) Take such other actions in accordance with the Uniform Administrative Requirements, as the CDFI Fund deems appropriate, including, but not limited to, termination of CDFI certification.

## **8.3 No Waiver.**

No course of dealing on the part of the CDFI Fund or any delay or failure on the part of the CDFI Fund to exercise any right herein will operate as a waiver of the right or otherwise prejudice the CDFI Fund's rights, powers and remedies under the Assistance Agreement, the Act, the CMF Regulations, or any other applicable law or regulation.

## **8.4 Notice of Noncompliance; Time to Cure.**

Prior to exercising or imposing any remedy/remedies for noncompliance under Section 8.2 herein, the CDFI Fund will provide the Recipient with written notice of the noncompliance and the prescribed remedy/remedies, if any, for noncompliance, provided that the CDFI Fund reserves the right to provide notice through alternative reasonable means. Unless otherwise specified in the notice, and provided that the CDFI Fund reserves the right to provide hearing through alternative reasonable means, the Recipient shall have thirty (30) days from the date of the noncompliance notice to cure the noncompliance. If the Recipient believes that the

noncompliance is of such a nature that it cannot be cured within the time set forth in the notice, then the Recipient may, within five (5) days of the date of the notice, request, in writing, additional time to cure the noncompliance. If the CDFI Fund determines, in its sole discretion, that such additional time is necessary, then the CDFI Fund may extend the cure period. If the CDFI Fund does not extend the cure period, as outlined above, and the Recipient fails to cure the noncompliance within the thirty-day (or other period specified in the written notice) cure period, the CDFI Fund may, in its sole discretion, impose or exercise the remedy/remedies, if any, for noncompliance set forth in its written notice, and any other remedy for noncompliance to which it might be entitled hereunder, or in law or at equity, within a timeframe set by the CDFI Fund in its sole discretion. Nothing in the Assistance Agreement, however, will create in the Recipient any right to any formal or informal hearing or comparable proceeding not otherwise required by law.

Notwithstanding the foregoing paragraph in this Section 8.4, if the CDFI Fund determines, in its sole discretion, that the Recipient has engaged in fraud, mismanagement, or other prohibited misconduct, or that the noncompliance is of such a nature that it cannot be cured, the CDFI Fund may, in its sole discretion, impose the prescribed remedy/remedies for noncompliance without notice, except as may be required by law.

#### **8.5 Terms and Conditions Related to Regulated Institutions Only.**

- (a) Prior notice to Appropriate Federal Banking Agency of remedy/remedies for noncompliance. Prior to imposing or exercising any remedy/remedies for noncompliance under Section 8.2 of the Assistance Agreement, the CDFI Fund will provide the Appropriate Federal Banking Agency with written notice of the proposed remedy (or remedies). Moreover, the CDFI Fund will not impose or exercise any proposed remedy (or remedies) if the Appropriate Federal Banking Agency, in writing, not later than thirty (30) calendar days after receiving the notice from the CDFI Fund of any proposed remedy (or remedies) against the Recipient, takes all of the following actions:
- (1) Objects to the proposed remedy (or remedies);
  - (2) Determines that the remedy (or remedies) would:
  - (3) Have a material adverse effect on the safety and soundness of the Recipient; or
  - (4) Impede or interfere with an enforcement action against the Recipient by the Appropriate Federal Banking Agency;
  - (5) Proposes a comparable alternative action; and
  - (6) Specifically explains:

- (i) The basis for the determination made pursuant to this section, and, if appropriate, provides documentation to support the determination; and
  - (ii) How the alternative action proposed would be as effective as the remedy (or remedies) proposed by the CDFI Fund in securing compliance and deterring future noncompliance.
- (b) Insured Depository Institution, Depository Institution Holding Companies, or Insured Credit Union as Recipient. The provisions of the Act, the CMF Regulations, and the Assistance Agreement shall be enforceable under 12 U.S.C. § 1786, 12 U.S.C. § 1818, and 12 U.S.C. § 1844 by the Appropriate Federal Banking Agency, and any violation of such provisions will be treated as a violation of the Federal Credit Union Act, Federal Deposit Insurance Act, or Bank Holding Company Act, as applicable. Nothing herein shall be construed to preclude the CDFI Fund from directly enforcing the Assistance Agreement as provided for hereunder and under the terms of the Act.
- (c) No authority to limit supervision and regulation. Nothing herein is intended nor should be construed to affect any authority of the Appropriate Federal Banking Agency to supervise and regulate the Recipient.

#### **8.6 Event of Noncompliance: Subsequent Payment.**

If the Recipient fails to request the Subsequent Payment on or before the date set forth in Section 3.7(d), it constitutes an event of noncompliance. Recipient will be given an opportunity to cure the event of noncompliance by either:

- (a) submitting the Subsequent Payment Request via an AMIS Service Request, or
- (b) submitting an amendment request in AMIS to decline the remaining undisbursed Award balance.

Failure to cure the event of noncompliance may result in sanctions; the CDFI Fund will de-obligate and rescind the remaining unused portion of the Award. If the Recipient requests a Subsequent Payment by the deadline noted in this Assistance Agreement, but is unable to meet the required conditions for approval of the Subsequent Payment, this constitutes an event of noncompliance and the CDFI Fund may invoke any sanction set forth in Section 8.2 herein.

## **ARTICLE IX**

### **9. Miscellaneous**

#### **9.1 Entire Agreement.**

The Assistance Agreement (including all schedules and amendments thereto), the Application and the attachments, exhibits, appendices and supplements to the Application, and the Notice of

Funds Availability between the Recipient and the CDFI Fund with respect to the obligation of funds necessary to provide the CMF Award to the Recipient contain the entire agreement of the parties with respect to the subject matter hereof and supersede all prior agreements or understandings, written or oral, in respect thereof, and no change, modification, or waiver of any provision hereof shall be valid unless in writing and signed by the party to be bound. The Application, including any attachments, exhibits, appendices, and supplements thereto, any attachments, schedules, exhibits, appendices, and supplements to the Assistance Agreement, and the Notice of Funds Availability are incorporated in and made a part of this Agreement.

## **9.2 Assignment.**

The Recipient may not assign, pledge, or otherwise transfer any rights, benefits, or responsibilities of the Recipient under the Assistance Agreement without the prior written consent of the CDFI Fund. In addition, any assignment by the Recipient shall comply, to the extent applicable, with the Assignment of Claims Act, codified at 31 U.S.C. § 3727.

## **9.3 Successors.**

The rights, benefits, and responsibilities of each of the parties to the Assistance Agreement shall inure to their respective successors, subject to this Section 9.3. If the Recipient merges with or is acquired by another entity, the CDFI Fund reserves the right to request information from and examine the new entity, which acquired or merged with the Recipient, to determine its acceptability as a Recipient. If the CDFI Fund determines that the new entity is not eligible or acceptable as a Recipient, or if the new entity does not agree to abide by all the provisions of the Assistance Agreement and shall continue operations and performance as if there were no interruption in the parties to the Assistance Agreement, the CDFI Fund may terminate the continued provision of the CMF Award under the Assistance Agreement and take any or all remedies it deems appropriate in accordance with Article VIII hereof.

## **9.4 Severability.**

If any provision of the Assistance Agreement shall for any reason be held to be illegal, invalid, or unenforceable, such illegality, invalidity, or unenforceability shall not affect any other provision of the Assistance Agreement, and the Assistance Agreement shall be construed as if such illegal, invalid, or unenforceable provision had never been contained herein.

## **9.5 Applicable law.**

The Assistance Agreement shall be governed by and construed in accordance with Federal law to the extent such Federal law is applicable, and to the extent Federal law is not applicable, the Assistance Agreement shall be governed by and construed in accordance with the law of the State of incorporation or formation of the Recipient.

## **9.6 Disclaimer of Relationships.**

- (a) The Recipient shall not be deemed to be an agency, department, or instrumentality of the United States merely by virtue of it being a Recipient.

- (b) Nothing in the Assistance Agreement, nor any act of the CDFI Fund or the Recipient, shall be construed by either of them, or by a third party, to create any relationship of third-party beneficiary, principal and agent, limited or general partner or joint venture, or of any association or relationship whatsoever involving the CDFI Fund.
- (c) Notwithstanding any other provision of law, the CDFI Fund shall not be deemed to control the Recipient by reason of any CMF Award provided hereunder for the purpose of any other applicable law, provided that the CDFI Fund does not own more than fifty percent (50%) of the equity of the Recipient.

### **9.7 Counterparts**

The Assistance Agreement may be executed in counterparts, each of which shall constitute an original but all of which together shall constitute one and the same instrument.

### **9.8 Headings.**

The headings contained in the Assistance Agreement are for convenience only and shall not affect the meaning or interpretation of the Assistance Agreement.

### **9.9 Amendments and Changes in Key Personnel.**

The terms of the Assistance Agreement may be amended, modified, or supplemented by the mutual written consent of the parties hereto.

- (a) If the Recipient replaces its Executive Director, Chief Financial Officer, the Board Chairperson or equivalent leadership official, the Recipient must notify the CDFI Fund in writing via a Material Event Form. The form should be submitted via a Service Request through the Recipient's AMIS account, and receive approval from the CDFI Fund for such change pursuant to 2 CFR 200.308(f)(2) of the Uniform Requirements within 30 days of the occurrence.
- (b) If the Recipient proposes to make an amendment to Performance Goals, Annual Report due dates, and/or make pre-noncompliance amendments during the Period of Performance, amendment requests must be received by the CDFI Fund in writing with all required documentation. The Recipient must include a justification for the amendment when it submits the amendment request to the CDFI Fund. Amendment requests must be received no later than 60 days prior to the requested effective date of the amendment. The CDFI Fund will not process any amendment requests received less than 60 days prior to the end of the Investment Period when the amendment request pertains to the Investment Period. Moreover, the CDFI Fund will not process any amendment requests received more than 18 months in advance of and no less than 60 days prior to the Project Completion deadline as specified in Schedule 1 when the amendment request pertains to the Project Completion deadline or the Affordability Period, unless authorized by the CDFI Fund; limited exceptions will be made for those Recipients in cure period as set forth in Section 8.4 of this Assistance Agreement. In its sole discretion, the CDFI Fund



will either grant or deny an amendment request and communicate its decision in writing to the Recipient.

- (c) Notwithstanding the above paragraphs in this Section 9.9, the CDFI Fund may, upon reasonable notice to the Recipient, unilaterally amend the Assistance Agreement for the sole purpose of making ministerial or administrative changes or correcting scrivener's errors.

#### **9.10 Survival of Representations and Warranties.**

All representations, warranties, covenants, and agreements made by the Recipient in the Assistance Agreement or the Application, including, without limitation, all Assurances and Certifications contained in the Application, or in any document, report, certificate, financial statement, note, or instrument now or hereafter furnished in connection with the Assistance Agreement shall survive the execution and delivery of the Assistance Agreement and the provision of any CMF Award pursuant hereto.

#### **9.11 Closeout.**

- (a) Unless otherwise mutually agreed upon in writing by the Recipient and the CDFI Fund, the Assistance Agreement must be closed out pursuant to Section 200.344 of the Uniform Requirements, at the end of the Period of Performance, when all of the following conditions have been met:
  - (1) the CDFI Fund determines that the Recipient has submitted to the CDFI Fund all reports and surveys required under this Assistance Agreement;
  - (2) the CDFI Fund determines that all of the CMF Award provided under the Agreement has been used as permitted by this Assistance Agreement; and
  - (3) the CDFI Fund determines that the Recipient has met all of the requirements under the Act, the CMF Regulations and this Assistance Agreement, including its Performance Goals.
- (b) Notwithstanding the above Section 9.11(a), the following sections of the Assistance Agreement shall no longer apply as of the end of the Investment Period, unless a recoupment and redeployment of the actual CMF Award dollars: Section 6.12 of this Assistance Agreement.

#### **9.12 Termination.**

The Assistance Agreement may be terminated in whole or in part by the CDFI Fund, the Recipient, or both parties pursuant to the requirements of 2 CFR § 200.340 of the Uniform Requirements. Termination does not preclude the CDFI Fund from pursuing any debt collections pursuant to section 8.2 of the Assistance Agreement.

**9.13 Applicability of Criminal Provisions.**

The criminal provisions of 18 U.S.C. § 657 regarding embezzlement or misappropriation of funds are applicable to all Recipients and Insiders.

**9.14 Disclosure of Recipient Reports by CDFI Fund.**

The CDFI Fund will, consistent with applicable law, make reports described in Schedule 1 hereof available for public inspection after deleting any materials necessary to protect privacy or proprietary interests. However, the Assistance Agreement, including any reports described in Schedule 1, will be subject to disclosure to law enforcement agencies for law enforcement purposes.

**9.15 Limitation on CDFI Fund and Federal Liability.**

The liability of the CDFI Fund and the United States Government arising out of the provision of any CMF Award to the Recipient hereunder shall be limited to the amount of such CMF Award. The CDFI Fund shall be exempt from any assessments and other liabilities that may be imposed on controlling or principal shareholders by any Federal law or the law of any State. Nothing herein is intended or should be construed to affect the application of any Federal tax law.

**9.16 Compliance with Nondiscrimination Statutes.**

The Recipient, and any Approved SPE of the Recipient pursuant to section 3.5(b) of the Assistance Agreement, shall comply with all Federal statutes relating to nondiscrimination, including, but not limited to: Title VI of the Civil Rights Act of 1964; Title IX of the Education Amendments of 1972; Section 504 of the Rehabilitation Act of 1973; the Age Discrimination Act of 1975; the Drug Abuse Office and Treatment Act of 1972; the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970; sections 523 and 527 of the Public Health Service Act of 1912; and Title VIII of the Civil Rights Act of 1968.

**9.17 Trafficking in Persons.**

**a. Provisions applicable to a Recipient that is a Private Entity.**

1. The Recipient, its employees, subrecipients under this award, and subrecipients' employees may not engage in
  - i. Severe forms of trafficking in persons;
  - ii. The procurement of a commercial sex act during the period of time that the award is in effect; or
  - iii. The use of forced labor in the performance of the award or subawards under the award; or
  - iv. Acts that directly support or advance trafficking in persons, including the following acts:
    - (i) Destroying, concealing, removing, confiscating, or otherwise denying an employee access to that employee's identity or immigration documents;

- (ii) Failing to provide return transportation or pay for return transportation costs to an employee from a country outside the United States to the country from which the employee was recruited upon the end of employment if requested by the employee, unless:
  - (A) exempted from the requirement to provide or pay for such return transportation by the Federal department or agency providing or entering into the grant or cooperative agreement;

or

- (B) the employee is a victim of human trafficking seeking victim services or legal redress in the country of employment or a witness in a human trafficking enforcement action;

- (iii) Soliciting a person for the purpose of employment, or offering employment, by means of materially false or fraudulent pretenses, representations, or promises regarding that employment;
- (iv) Charging recruited employees a placement or recruitment fee; or
- (v) Providing or arranging housing that fails to meet the host country's housing and safety standards.

b. Compliance plan and certification requirement:

1. *Certification.* Prior to receiving a grant or cooperative agreement, if the estimated value of services required to be performed under the grant or cooperative agreement outside the United States exceeds \$500,000, a recipient must certify that:
  - i. The recipient has implemented a plan to prevent the activities described in paragraph (a) of this section, and is in compliance with this plan;
  - ii. The recipient has implemented procedures to prevent any activities described in paragraph (a) of this section and to monitor, detect, and terminate any subrecipient, contractor, subcontractor, or employee of the recipient engaging in any activities described in paragraph (a) of this section; and
  - iii. To the best of the recipient's knowledge, neither the recipient, nor any subrecipient, contractor, or subcontractor of the recipient or any agent of the recipient or of such a subrecipient, contractor, or subcontractor, is engaged in any of the activities described in paragraph (a) of this section.

2. *Annual certification.* The recipient must submit an annual certification consistent with paragraph (b)(1) of this section for each year the award is in effect; or (c) Uses forced labor in the performance of the award or subawards under the award.
  - i. *Compliance plan.* Any plan or procedures implemented pursuant to paragraph (b) must be appropriate to the size and complexity of the grant or cooperative agreement and to the nature and scope of its activities, including the number of non-United States citizens expected to be employed.
  - ii. Copies of the compliance plan. The recipient must provide a copy of the plan to the grant officer upon request, and as appropriate, must post the useful and relevant contents of the plan or related materials on its website and at the workplace.
3. *Minimum requirements of the compliance plan.* The compliance plan must include, at a minimum, the following:
  - i. An awareness program to inform recipient employees about the Government's policy prohibiting trafficking-related activities described in paragraph (a) of this section, the activities prohibited, and the actions that will be taken against the employee for violations. Additional information about Trafficking in Persons and examples of awareness programs can be found at the website for the Department of State's Office to Monitor and Combat Trafficking in Persons at <http://www.state.gov/j/tip/>.
  - ii. A process for employees to report, without fear of retaliation, activity inconsistent with the policy prohibiting trafficking in persons.
  - iii. A recruitment and wage plan that only permits the use of recruitment companies with trained employees, prohibits charging recruitment fees to the employees or potential employees and ensures that wages meet applicable host-country legal requirements or explains any variance.
  - iv. A housing plan, if the recipient, subrecipient, contractor, or subcontractor intends to provide or arrange housing, that ensures that the housing meets host-country housing and safety standards.
  - v. Procedures to prevent agents, subrecipients, contractors, or subcontractors at any tier and at any dollar value from engaging in trafficking in persons, including activities in paragraph (a) of this section, and to monitor, detect, and terminate any agents, subgrants, or subrecipient, contractor, or subcontractor employees that have engaged in such activities.
  - vi. Notification to Inspectors General and cooperation with government. The head of a Federal agency making or awarding a grant or cooperative agreement must require that the recipient of the grant or cooperative agreement:

- (i) Immediately inform the Federal agency and Inspector General of the Federal agency of any information it receives from any source that alleges credible information that the recipient, any subrecipient, contractor, or subcontractor of the recipient, or any agent of the recipient or of such a subrecipient, contractor, or subcontractor, has engaged in conduct described in paragraph (a) of this section; and
  - (ii) Fully cooperate with any Federal agencies responsible for audits, investigations, or corrective actions relating to trafficking in persons.
2. The CDFI Fund as the Federal awarding agency may unilaterally terminate this award, without penalty, if the Recipient or a subrecipient that is a Private Entity—

- i. Is determined to have violated a prohibition in paragraph a.1 of this Section; or
- ii. Has an employee who is determined by the CDFI Fund official authorized to terminate the award to have violated a prohibition in paragraph a.1 of this Section through conduct that is either—

- A. Associated with performance under this award; or
- B. Imputed to the Recipient or the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, “OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement),” as implemented by our agency at 31 CFR 19.335.

**c. Provisions applicable to any recipient.**

1. The Recipient must inform the CDFI Fund immediately of any information the Recipient receives from any source alleging a violation of a prohibition in paragraph a.1 of this Section.
2. The CDFI Fund’s right to terminate unilaterally that is described in paragraph a.2 or b of this Section:
  - i. Implements section 106(g) of the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7104(g)), and
  - ii. Is in addition to all other remedies for noncompliance that are available to the CDFI Fund under this award.
3. The Recipient must include the requirements of paragraph a.1 of this Section in any subaward the Recipient makes to a Private Entity.

**d. Definitions.** For purposes of this Section:

1. “Employee” means either:
  - i. An individual employed by the Recipient or a subrecipient who is engaged in the performance of the Project or program under this award; or

- ii. Another person engaged in the performance of the Project or program under this award and not compensated by the Recipient including, but not limited to, a volunteer or individual whose services are contributed by a third party as an in-kind contribution toward cost sharing or matching requirements.
- 2. “Forced labor” means labor obtained by any of the following methods: the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.
- 3. “Private entity”:
  - i. Means any entity other than a State, local government, Indian tribe, or foreign public entity, as those terms are defined in 2 CFR 175.25.
  - ii. Includes:
    - A. A non-profit organization, including any non-profit institution of higher education, hospital, or tribal organization other than one included in the definition of Indian tribe at 2 CFR 175.25(b).
    - B. A for-profit organization.
- 4. “Severe forms of trafficking in persons,” “commercial sex act,” and “coercion” have the meanings given at section 103 of the TVPA, as amended (22 U.S.C. 7102).

#### **9.18 Procurement Standards.**

If the Recipient uses its CMF Award to procure property or services, it shall comply with the General Procurement Standards, as applicable, as described in sections 200.317 through 200.327 of the Uniform Requirements, as amended.

#### **9.19 Reporting of Matters Related to Recipient Integrity and Performance.**

If the total value of the Recipient’s currently active federal financial assistance, cooperative agreements, and procurement contracts from all Federal awarding agencies, including the Assistance awarded pursuant to this Assistance Agreement, exceeds \$10,000,000 for any period of time during the Period of Performance, then the Recipient shall report semiannually to the System for Award Management (SAM) that is made available in the designated integrity and performance system about civil, criminal, or administrative proceedings as described in Appendix XII to the Uniform Requirements (2 CFR Part 200) for the most recent five year period, either to report information about any proceeding(s) not previously reported or affirm that there is no new information to report.

#### **9.20 Notices.**

All notices, requests, demands, consents, waivers, payment requests, and other communications given under any provision of this Agreement shall be in writing and shall be submitted via the organization’s AMIS Account.

If AMIS is not available, practicable or if the Recipient has been otherwise instructed by the CDFI Fund, then the Recipient shall submit such communications by electronic mail, by hand, mailed by postage-prepaid first-class mail or delivered by overnight courier service, to the

addresses and individuals indicated below, or to such different address or addresses as the addressee may have specified in a notice duly given to the sender:

if to the CDFI Fund:

Community Development Financial Institutions Fund  
Department of the Treasury  
Attention: Office of Compliance Monitoring and Evaluation  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220  
CCME@cdfi.treas.gov

if to the Recipient:

Recipient's physical or electronic mailing address as listed in the CDFI Fund's electronic database.  
Attention: Authorized Representative

All such notices shall be deemed as received on the date of actual receipt by the CDFI Fund or the Recipient.

#### **9.21 Whistleblower Protections**

- (a) An employee of a Recipient or a subrecipient must not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to a person or body described in paragraph (a)(2) of 41 USC 4712 information that the employee reasonably believes is evidence of gross mismanagement of a Federal contract or grant, a gross waste of Federal funds, an abuse of authority relating to a Federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a Federal contract (including the competition for or negotiation of a contract) or grant.
- (b) The Recipient and subrecipients must inform their employees in writing of employee whistleblower rights and protections under 41 USC 4712.
- (c) Costs incurred in connection with any proceeding against the Recipient or a subrecipient by any current or former employee of the Recipient or subrecipient who submits a whistleblower complaint of reprisal in accordance with 10 USC 4701 or 41 USC 4712 are subject to the provisions of 2 CFR 200.435(5)(b).

## Certificate Of Good Standing

### Instructions:

As applicable, a Recipient must provide the CDFI Fund with a Certificate of Good Standing from the Secretary of State for the Recipient's jurisdiction of formation. This certificate can often be acquired online on the secretary of state website for the Recipient's jurisdiction of formation and must be dated within 180 days prior to the Federal Award Date of the Assistance Agreement. The Recipient is required to attach the certificate in the Award record in AMIS.

Capitalized terms used, but not defined herein, shall have the respective meanings assigned to them in Schedule 2.

### Special information for Recipients that are Regulated Institutions:

Recipients that are Regulated Institutions do not have to provide a certificate of good standing.

### Special information for Native Recipients:

Tribe Recipients. Recipients that are Federally or State recognized tribes do not have to provide a Certificate of Good Standing.

Tribally incorporated Recipients. Recipients that are incorporated by an Indian Tribe government rather than a State may provide the Certificate of Good Standing from the Indian Tribe government.

If the Indian Tribe government does not normally provide a Certificate of Good Standing, the Recipient may provide a letter from the Indian Tribe government confirming the Recipient is validly incorporated and is in good standing under the laws of the Indian Tribe government and is registered to conduct business. Offices within the Indian Tribe government that may be able to provide a letter with this information include: Officer/Secretary of the Tribal Council, Bureau of Indian Affairs Office, Executive Secretary of the Tribe, in house Tribal Legal office, Tribe Finance Office (head of Finance Department), or the Tribal Operations office.

### Special information for political subdivisions or instrumentalities of a State:

If the State does not normally provide a Certificate of Good Standing to its political subdivisions or instrumentalities, the Recipient may provide a legal opinion from counsel (including in-house counsel) opining that the Recipient is validly formed/incorporated and is in good standing under the laws of the State and is registered to conduct business. A template legal opinion is provided below in Schedule 3-B.



**Opinion Of Counsel**

**[If applicable, this form must be submitted to the CDFI Fund on the Recipient’s counsel’s letterhead. This form is provided as a template and individual opinions may vary.]**

[Date]

TO: Community Development Financial Institutions Fund  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220  
Attention: Grants Manager

RE: Legal Opinion for (Recipient’s Organization Name): FY 2024 Capital Magnet Fund Award

Award Control Number:

Dear Ladies and Gentlemen:

The undersigned firm represents the above-referenced Applicant as counsel in connection with its Fiscal Year 2024 Capital Magnet Fund (CMF) Application being submitted to the Community Development Financial Institutions (CDFI) Fund. We have reviewed 12 CFR Part 1807; the Notice of Funding Availability for the CMF Program (89 FR 11924); the Housing and Economic Recovery Act of 2008 (Pub. L. 110-289) section 1131, the Internal Revenue Code of 1986, as amended, [State or Tribal] laws and made such other investigations of law, as we have deemed appropriate. We have also reviewed such other documents and records as we have deemed necessary to render this opinion. Capitalized terms contained herein shall have the same meaning assigned to them in 12 CFR Part 1807.

Based upon the foregoing, the undersigned is of the opinion that:

1. Organization, Standing and Powers. The Recipient is a validly existing Indian Tribe government, instrumentality of a State, or not-for-profit entity formed under the laws of the [State or Tribe] and validly existing and in good standing under the law of [State or Tribe] of its legal formation and has all requisite power and authority to own and operate its assets and properties, to carry on its business as it is now being conducted and to carry out its proposed, hereby authorized use(s) of the CMF Award provided hereunder.
2. Federal Taxation. The Applicant is exempt from Federal income taxation pursuant to the Internal Revenue Code of 1986.

This opinion is based upon the laws of the [State or Tribe] of \_\_\_\_\_ and the Federal laws of the United States. This opinion is rendered solely in connection with the Fund's provision of the Assistance to the Awardee. Accordingly, it may be relied upon only by the Fund and may not be relied upon by any other party for any other purpose.

\_\_\_\_\_  
Firm Name

By: \_\_\_\_\_

**Representation And Warranties: Consortium Approach**

As a Consortium Member under the Consortium Approach, the Recipient hereby certifies the following:

1. Binding Commitment. The Recipient has entered into a Consortium Member Agreement with respect to the FY 2024 CMF Award that specifies the binding commitments of each Consortium Member awarded under the same FY 2024 Consortium Approach.
2. Statement of Purpose. The Recipient's Consortium Member Agreement provides a statement of purpose for the Consortium to use its CMF Award for the Development, Preservation and/or Rehabilitation of Affordable Housing pursuant to 12 CFR § 1807.300.
3. Investment Criteria. The Recipient's Consortium Member Agreement includes an agreement amongst all Consortium Members awarded a FY 2024 CMF Award to use their FY 2024 CMF Award to invest in each Consortium Member's FY 2024 CMF Projects.
4. Organization. The Recipient's Consortium Member Agreement provides a description of the governance structure of the Consortium.
5. Compliance and Assurance. The Recipient is responsible for compliance with the terms under its individual FY 2024 CMF Assistance Agreement and provides assurances that as part of the Consortium, it will adhere to all CMF requirements and obligations under the CMF Interim Rule at 12 CFR 1807.100 *et seq.*
6. Representation. The Recipient's Consortium Member Agreement is signed by Authorized Representatives of all Consortium members, and the fully executed Consortium Member Agreement is attached as Schedule 4-B.

**CMF Recipient Consortium Member Agreement Criteria**

The CMF Recipients entering into a CMF Recipient Consortium Member Agreement (“Consortium Member”) shall agree to the following:

1. Formation. The Recipients are to form a consortium (“Consortium”) to undertake the use and administration of the CMF Awards pursuant to the applicable funding round.
2. Purpose. The purpose of the Consortium Agreement shall be for each Consortium Member to use its CMF Award for the development, preservation and/or rehabilitation of affordable housing for primarily extremely low-, very low-, and low-income families.
3. Obligations. The Consortium Members shall each have all authority, rights and powers in the management of the Consortium and to do any and all acts and things necessary, proper, appropriate, advisable, incidental or convenient to effectuate the purposes of this Consortium Agreement and each Consortium Member’s obligations under its CMF Award. Each Consortium Member will manage the administration and disbursement of its own CMF Award.
4. Covenants of Consortium Members.
  - a. Each Consortium Member agrees to only engage in eligible activities as set forth in the Consortium Member’s Assistance Agreement as listed below:
    - (i) Homeownership Affordable Housing
    - (ii) Rental Affordable Housing
    - (iii) Economic Development Activities
    - (iv) Direct Administrative Expenses
    - (v) Feasibility Determination Expenses
  - b. Each Consortium Member must invest their individual CMF Award in the same Project or Projects as the other Consortium Member. Eligible Project Costs and Leveraged Capital shall be pro-rated between all Consortium Members based on the amount of CMF Award invested by each Consortium Member and must include at least one CMF eligible unit for each Consortium Member and be no less than 99 to 1 percent (rounded up to the next whole number) of total CMF units in each Project.

- c. Each Consortium Member shall be responsible for the compliance with the terms under its individual CMF Award and its individual CMF Assistance Agreement and will adhere to all CMF requirements and obligations under the CMF Interim Rule at 12 CFR Part 1807.
- d. Each Consortium Member shall maintain all records related to its CMF Award that evidences Consortium Member's compliance with the requirements of the CMF program as set forth in 12 CFR Part 1807, and the terms under its CMF Assistance Agreement.