

# **Capital Magnet Fund (CMF)**

## **Compliance Monitoring Frequently Asked Questions for FY 2016 Recipients**

This Frequently Asked Questions (FAQs) document applies only to Recipients of FY 2016 CMF Awards. All capitalized terms in the document are defined in the CMF Interim Rule (Regulations), FY 2016 NOFA, FY 2016 CMF Assistance Agreement, and/or the FY 2016 Application Instructions.

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# 1. Commitments and Disbursements

## 1.1. How will Recipient's compliance with Assistance Agreement Section 4.1 Commitment for Use be monitored and determined?

Recipients are expected to evidence Commitment to a Project through a written, legally binding agreement to a third-party to provide Capital Magnet Fund financial assistance. The third party will carry out the Project as a developer, project sponsor and/or borrower. The CDFI Fund recognizes that a variety of mechanisms and documentation can serve this purpose, as long as the requirements of 12 CFR §1807.501(b) are met. Funds must be Committed within two years of the Award by the Commitment for Use date in the Recipient's Assistance Agreement.

At a minimum, a Commitment requires one of the following, per Section 4.1 of the FY 2016 Assistance Agreement:

- (1) Construction can reasonably be expected to start within 12 months of the commitment agreement date; or
- (2) Property title will be transferred within 6 months of the commitment agreement date; for purposes of purchase in the form of down payment assistance or mortgage finance assistance, the requirements of Assistance Agreement section 4.1(b) are deemed to be met when at least one loan is made that results in the transfer of property title within six (6) months of the commitment agreement date; or
- (3) Construction schedule ensures Project Completion within five (5) years of a date specified in the Assistance Agreement.

The CDFI Fund will not routinely collect Commitment agreements but rather will require information in annual performance reporting on the Commitment. Recipients should retain the documentation of Commitment in the event that the CDFI Fund requires inspection of the documents for compliance monitoring.

### **Commitments to Affiliates**

Recipient may make a Commitment to an Affiliate that serves as a project sponsor or developer. The CDFI Fund expects that in most cases, Recipients will create a separate legal entity that will serve as the project sponsor/developer. In these cases, the Recipient should execute a Commitment agreement between the Recipient and the Affiliate that is serving as the project sponsor/developer.

## 1.2. How does a Recipient demonstrate Commitment in cases where the Recipient is not entering into an agreement with a third party?

While a Commitment generally requires a legally binding written agreement with a counterparty, the CDFI Fund has issued a general waiver of 12 C.F.R. 1807.501(b) for all Recipients (effective July 20, 2018) in cases where there is no counterparty, such as situations in which the 1) Recipient is the developer of the Project; 2) Recipient is establishing a Loan Loss Reserve for its own loans; or 3) Recipient is the direct mortgage lender. Please refer to Questions 1.3, 1.4, and 1.5 for these specific circumstances.

## 1.3. How does a Recipient demonstrate Commitment in cases where the Recipient is the developer or project sponsor and there is no counterparty?

In cases where a Recipient is the developer or project sponsor and there is no counterparty (such as a limited partnership or LLC), the general waiver of 12 C.F.R. 1807.501(b) applies. In lieu of a legally binding written agreement, such Recipients must evidence a Commitment via a Board of Director's resolution for each identified Project. This applies to Recipients using a CMF Award to directly build, develop, rehabilitate, or acquire to preserve properties for the purpose of providing affordable Homeownership or rental housing to Eligible-Income Families. The resolution will be required to be in the form and substance acceptable to the CDFI Fund in its sole discretion.

## 1.4. How does a Recipient demonstrate Commitment in cases where the Recipient is establishing a Loan Loss Reserve for its own loans?

The CDFI Fund issued to all Recipients a general waiver of 12 C.F.R. 1807.501(b) in cases where a Recipient is committing its CMF Award to a Loan Loss Reserve made by the Recipient, where the reserve is not pledged to a third party or separate entity affiliated with the Recipient, but is used to reserve against losses from loans directly made by the Recipient. In lieu of a legally binding written agreement, such Recipients must evidence a Commitment via a Board of Director's resolution for each identified Project. The resolution will be required to be in the form and substance acceptable to the CDFI Fund in its sole discretion.

## 1.5. How does a Recipient demonstrate that the CMF Award is Committed in cases where the Recipient is the direct mortgage lender or providing Homeownership Purchase assistance?

CMF Recipients have two options for demonstrating the CMF Award is Committed in cases where the Recipient is a direct mortgage lender or providing Homeownership Purchase assistance:

1. As specified in 12 CFR §1807.501, the Recipient can demonstrate commitment through a legally binding, written agreement with each homebuyer. In this scenario, each



Homeownership Purchase is considered a separate Project. Per 12 CFR §1807.501(b), property title must be transferred to the homebuyer within 6 months of the commitment agreement date in this scenario.

2. Alternatively, per a general waiver published in Section VIII of the FY 2018 NOFA, a Recipient's entire portfolio of mortgage loans and purchase assistance financed and/or supported with its CMF Award is an Affordable Homeownership Purchase Program (Program) and deemed a single Project to evidence commitment. The waiver refers to this activity as a Project for Purchase. If the loans/investments under the Affordable Homeownership Purchase Program are being made directly by the Recipient and not a third party, the waiver allows for a Board of Directors resolution to establish and commit CMF Award proceeds to the Program to constitute the commitment of the CMF Award to a Project. The resolution must be in a form and substance approved by the CDFI Fund.
3. Similarly, for purposes of achieving Project Completion, the entire Program portfolio is deemed a Project. This means that the Recipient will be able to deem all loans/investments made under the Program as Committed, so long as all loans/investments achieve Project Completion by the deadline listed in the Assistance Agreement. It should be noted that in the case of an Affordable Homeownership Program, the entire Program portfolio is considered to be financed or supported by the CMF Award and will need to meet the requirements outlined in the CMF Interim Rule.

#### 1.6 Once a Commitment has been reported to the CDFI Fund, can it be canceled or withdrawn?

- A. Prior to the Commitment for use date specified in Section 3.2(i) of the Assistance Agreement – The CDFI Fund will monitor Commitment for Use annually through the CMF Performance Report. If a Commitment is withdrawn or the Project isn't going forward, the Recipient will report the Project status as "terminated" in the CMF Performance Report and add any new Project(s) by the Committed for Use deadline. Additional notification is not required prior to the Commitment date specified in Section 3.2(i).
- B. After the Commitment for use date specified in Assistance Agreement Section 3.2(i) – The CDFI Fund will monitor Commitment for Use annually through the CMF Performance Report. If a Commitment is withdrawn or the Project isn't going forward, the Recipient will report the Project status as "terminated" in the CMF Performance Report and add any new Project(s). Additional notification is not required prior to the Commitment date specified in Section 3.2(i). If, after the Commitment deadline, the Recipient needs to report a change in the Commitment, such as a termination, a Material Events form must be filed within 30 days of the change, in addition to updating the record for the Project in the CMF Performance Report to show it as terminated. The Recipient will still be held to meeting all of its deployment requirements by the Project Completion deadline. (Select type select "Change Request" as the Record Type

and “Cross Program – Material Event” as the Type) The Material Events form can be found here: <https://www.cdfifund.gov/Documents/Certification of Material Events Form.doc>

#### 1.7 What should a Recipient do if it does not have all of the CMF Award Committed by the Commitment for Use date?

Per Section 3.2(i) of the Assistance Agreement, failure to meet the Commitment for use deadline (as outlined in Schedule 1 of the Assistance Agreement) is an event of default. To remedy an event of noncompliance, the CDFI Fund may, in its sole discretion, take one or more actions, as outlined in Section 8.2 of the Assistance Agreement.

Recipients that fail to Commit all of the CMF Award by this date must submit a Material Event form (Select type select “Change Request” as the Record Type and “Cross Program – Material Event” as the Type) no later than 30 days after deadline for Commitment, which is the Commitment for use date as specified in Schedule 1 of the Assistance Agreement.

The Material Events form can be found here: <https://www.cdfifund.gov/Documents/Certification of Material Events Form.doc>

#### 1.8 If one of the Projects the Recipient made a Commitment to by the Committed for Use date cannot achieve Project Completion and no CMF assistance will be provided, can a Recipient swap out one or more Projects? Should the Commitments report be amended?

Yes, see FAQ 1.2 B. for more information.

#### 1.9 What are the requirements for using the CMF Award for Loan Guarantees or Loan Loss Reserves with respect to Commitment and Disbursement?

Any Recipient that uses its CMF Award for a Loan Guarantee or Loan Loss Reserve (LLR) must ensure the underlying loan(s) are made to support Affordable Housing Activities and Economic Development Activities in accordance with the Commitment and Project Completion deadlines. The underlying Project must meet the conditions outlined in Assistance Agreement Section 4.1. See 12 CFR §1807.302(d) and (e) for further restrictions.

#### 1.10 When using CMF Award for a Loan Guarantee or Loan Loss Reserve, when are those dollars considered Committed for Use? When are they considered Disbursed per Section 4.2 in the Assistance Agreement?

CMF assistance in the form of a Loan Guarantee is considered Committed for use when the Recipient enters into a legally binding agreement to provide payment to a counterparty under the terms of the Loan Guarantee.

CMF assistance in the form of a Loan Loss Reserve is considered Committed for Use when the Recipient enters into a legally binding agreement to set aside proceeds of the CMF Award to cover losses on loans, accounts, and/or notes receivable for an identified Project. In cases where the reserve cannot be pledged to a third party or separate entity affiliated with the Recipient, but is used to reserve against losses from loans directly made by the Recipient, the commitment may be evidenced via a Board of Director's resolution for an identified Project, as specified in the General Waiver published in Section VIII of the FY 2018 NOFA. The resolution will be required to be in the form and substance acceptable to the CDFI Fund in its sole discretion. See FAQ #1.4 as well.

For Loan Guarantees and Loan Loss Reserves, the funds are considered disbursed at the time they are Committed.

The underlying Project that is being supported by the Loan Loss Reserve or Loan Guarantee must meet the conditions outlined in Assistance Agreement Section 4.1.

## 2. Eligible Activities and Uses

2.1 Is a Recipient required to undertake each approved eligible activity listed in Section 3.2(a) and each approved eligible use listed in 3.2(b) of the Assistance Agreement?

No. Recipients may undertake any of the approved eligible activities listed in Section 3.2(a) of its Assistance Agreement. Similarly, Recipients may undertake any of the approved eligible uses listed in Section 3.2(b) of the Assistance Agreement. While there is no requirement or expectation that *each* specific eligible activity that is approved is performed, the Recipient is expected to undertake the eligible activities and eligible uses necessary to meet all of the performance goals and measures in the Assistance Agreement.

2.2 Can a Recipient use the CMF Award for an eligible activity or eligible use for which it was not approved in the Assistance Agreement?

No. Recipients may only engage in eligible activities listed in 3.2(a) of its 2016 Assistance Agreement. Similarly, Recipients may only engage in eligible uses listed in 3.2(b) of its 2016 Assistance Agreement.

2.3 How can a Recipient request approval from the CDFI Fund to undertake an eligible activity that is not currently approved?

If a specific eligible use or eligible activity is not approved as part of Schedule 1 of the Recipient's Assistance Agreement, an amendment request to the Agreement must be submitted

and approved to add that use or activity in advance. Approval of amendment requests is not guaranteed. Please refer to Question 2.5 on the steps to submit an amendment request.

## 2.4 How does a Recipient request an Amendment to its Assistance Agreement?

Amendments to FY 2016 CMF Assistance Agreements can only be requested to Schedule 1 and will only be approved under limited circumstances.

To initiate an amendment request, please submit a Service Request – Record Type: Change Request; Type: CMF – Amendment.

The “description” field in the Service Request should include a summary of the requested change, including the proposed new measure. As part of the Service Request, the Recipient should upload a comprehensive justification document that explains why it is requesting an amendment and how the requested modification will allow it to achieve the business strategy and impact proposed in its CMF Application.

## 3. Leveraging Requirements

### 3.1 How will the CDFI Fund measure “Eligible Project Costs” and the Total Leverage Multiplier under Assistance Agreement Section 3.2(h)(i)?

Eligible Project Costs, as defined in 12 CFR 1807.104, means Leveraged Costs plus those costs funded directly by a CMF Award. Leveraged Costs, as defined in 12 CFR 1807.104, means costs for Affordable Housing Activities and Economic Development Activities that exceed the dollar amount of the CMF Award, as further described in 12 CFR 1807.500. Eligible Project Costs and Leveraged Costs are further described in Section 3.4 of the Assistance Agreement.

Minimally, the amount of Eligible Project Costs (EPCs) must be at least 10 times the amount of the CMF Award. Eligible Project Costs are funds attributed exclusively to Affordable Housing costs for housing that is or will be occupied by Families at or below 120% of the area median income and/or physical structures in the case of Economic Development Activities.

The Total Leverage Multiplier is calculated by the following formula:

$$\text{Total Leverage Multiplier} = \frac{\text{Eligible Project Costs}}{\text{Amount of the CMF Award}}$$

Note that the Total Leverage Multiplier is measured on a portfolio basis across all Projects funded with a CMF Award (i.e. Recipient’s CMF portfolio – not Recipient’s entire real estate portfolio). This means that the Recipient is NOT required to maintain a minimum Leverage Multiplier for each individual Project. In other words, some Projects could have a Leverage Multiplier higher than 10 while others could be lower than 10 as long as the Total Leverage Multiplier is at least 10

for the CMF Award, based on the entire CMF portfolio.

Please keep in mind that while Eligible Project Costs will be reported and measured annually, compliance with the Total Leverage Multiplier, as well as other Leverage requirements, are assessed at the end of the 5-year Investment Period. It is the Recipient's responsibility to identify appropriate Projects to ensure compliance by the end of the 5-year Investment Period.

Here are some examples to illustrate the calculation of Eligible Project Costs and the Total Leverage Multiplier:

**Example A:** A CMF Recipient expends its \$2 million CMF Award to support 3 projects with total Eligible Project Costs of \$20 million. Project A receives \$1 million in CMF funding and has \$8 million in Eligible Project Costs. Projects B and C each receive \$500,000 in CMF funding and each have Eligible Project Costs of \$6 Million.

CMF Award = \$ 2 MM

Eligible Project Costs = \$20 million (\$8 MM + \$6 MM + \$6 MM = \$20 MM).

Leveraged Costs = \$18 MM (\$20 MM in EPCs - \$ 2 MM CMF Award = \$18 MM).

Total Leverage Multiplier = 10 (\$20 MM in EPCs / \$2 MM in CMF Award = 10).

Since the Recipient's EPCs are 10 times the CMF Award amount, this Recipient has met the statutory 10:1 leverage requirement.

**Example B:** A CMF Recipient expends its \$1.5 CMF Award which is combined with an additional \$8.5 million in an Affordable Housing Fund for a total of \$10 million. The Affordable Housing Fund will then be invested in Projects that total \$12 million in Eligible Project Costs. In this example, the additional \$2 million in costs are supported by Low Income Housing Tax Credits, other equity and debt.

CMF Award = \$1.5 MM

Eligible Project Costs = \$12 MM

Leveraged Costs = \$10.5 MM (\$12 MM in EPCs - \$1.5 MM CMF Award = \$10.5 MM)

Total Leverage Multiplier = 8 (\$12 MM in EPCs / \$1.5 MM CMF Award = 8).

Since the Recipient's EPCs are less than 10 times the CMF Award amount, this Recipient has NOT met the statutory 10:1 leverage requirement. The Recipient will need to generate additional Eligible Project Costs, for example by re-lending short-term, re-paid loans in order to ensure it meets the portfolio leverage requirements.

[3.2 How does the CDFI Fund compute the minimum percentage of total "Leveraged Costs attributable to private sector Leveraged Costs" ? When will the CDFI Fund measure compliance?](#)

The FY 2016 CMF Assistance Agreement requires that a minimum percentage of the capital

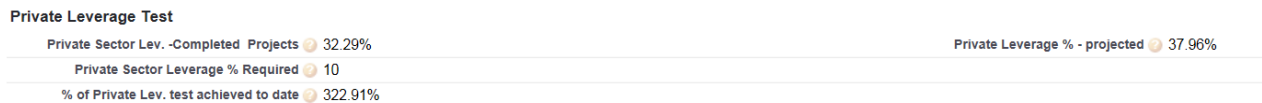
sources used to finance/support the portfolio of CMF Projects come from private sources. See Schedule 1 Section 3.2(h) for the minimum percentage that applies to your Award. Examples of private sources include private sector-sourced equity and debt (including investor or owner equity and conventional bank loans), Low Income Housing Tax Credit investments, the Recipient's (or an Affiliate's) own investments from its own enterprise capital. In contrast, public source examples include Capital Magnet Fund grants, other federal grants or loans, or state and local grants or loans.

Please recall that private sector leverage is measured on a full portfolio basis and can only be determined for compliance purposes after the completion of the 5-year Investment Period. It is at that time that the CDFI Fund will assess compliance.

The following formula is used to calculate the Private Leverage Percentage:

$$\text{Percentage of Leveraged Costs Attributable to Private Leveraged Costs} = \frac{\text{Total Private Leveraged Costs in CMF Portfolio}}{\text{Total Leveraged Costs}}$$

There is a Private Sector Leverage Test section on the CMF Performance Report that will allow you to see your performance based on reporting of Eligible Project Costs.



### Example A

Minimum Percentage of Leveraged Costs Attributable to Private Leveraged Costs = 70% (per Schedule 1 Section 3.2(h))

Leveraged Costs = \$10,000,000

Total Private Leveraged Costs in CMF Portfolio = \$8,000,000

Percentage of Leveraged Costs Attributable to Private Leveraged Costs =  $\frac{\$8,000,000}{\$10,000,000} = 80\%$

In this example, at the end of the 5-year Investment Period, the Recipient met and exceeded its Private Leverage requirement by achieving 80% instead of the minimum 70%.

### Example B

Minimum Percentage of Leveraged Costs Attributable to Private Leveraged Costs = 85% (per Schedule 1 Section 3.2(h))

Leveraged Costs = \$10,000,000

Total Private Leveraged Costs in CMF Portfolio = \$8,000,000

Percentage of Leveraged Costs Attributable to Private Leveraged Costs = \$8,000,000 / \$10,000,000 = 80%

In this example, at the end of the 5-year Investment Period, the Recipient has not met its Private Leverage requirement. It achieved 80% instead of the required 85%.

Under the CMF Program, both public and private sources of financing can be used to support Eligible Project Costs. There can be complexities when determining private versus public sources if the Project has components that are not considered Eligible Project Costs, such as rental housing units in a mixed income Project that are not subject to affordability requirements. If you have questions about a specific transaction or source, please submit a Service Request for assistance.

### 3.3 How are the Recipient-level leverage and Recipient-level leverage multiplier computed? When will the CDFI Fund measure compliance?

Recipient-level leverage, known as Applicant-level leverage in the Application, is comprised of the CMF Award plus enterprise-level capital plus reinvestment of the CMF Award and reinvestment of enterprise-level capital (during the 5-year Investment period). Enterprise-level capital means capital earned, borrowed, or raised by the Recipient or its Affiliates, which is designated for use and ultimately used to pay for Leveraged Costs but is not initially restricted for use for specific properties at the time it is earned, borrowed or raised.

The Recipient-level leverage multiplier, is individually identified in Section 3.2(h) of the Assistance Agreement and is calculated as follows:

$$\text{Recipient-Level Leverage Multiplier} = \frac{\text{CMF Award} + \text{Enterprise-level Capital} + \text{Reinvestment}}{\text{CMF Award}}$$

**Example A:** An organization combines \$1 million of its CMF Award with an additional \$9 million from enterprise-level sources in an Affordable Housing Fund for a total of \$10 million. The Affordable Housing Fund will then be invested in Projects that total \$12 million in Eligible Project Costs. In this example, the additional \$2 million in costs is paid for by project-level sources such as LIHTC, other equity and debt.

To calculate the Recipient-level leverage Multiplier:

$$\frac{\$1 \text{ MM [CMF Award]} + \$9 \text{ MM [Enterprise-level Capital]} + \$0 \text{ MM [Reinvestment]}}{\$1 \text{ million [CMF Award]}}$$

\$10 million / \$1 million = 10



In this example, assume the Recipient’s Minimum Recipient-level leverage multiplier is 8 (per Section 3.2(h) of the Assistance Agreement). The Recipient has exceeded the requirement because it has achieved a Recipient-level Multiplier of 10.

**Example B:** The Recipient uses its \$1 million CMF Award and \$3 million in capital raised from Enterprise-level sources to create a \$4 million Affordable Housing Fund, which invests in a Project with \$6 million in total Eligible Project Costs. The initial Project repays all \$4 million it received from the fund, and the Recipient then reinvests the \$4 million into another Project which has \$4 million in total Eligible Project Costs.

To calculate the Recipient-level Leverage Multiplier:

$$\frac{\$1 \text{ million [CMF Award]} + \$3 \text{ million [Enterprise-level Capital]} + \$4 \text{ million [Reinvestment]}}{\$1 \text{ million [CMF Award]}}$$

$$\$8 \text{ million} / \$1 \text{ million} = 8$$

In this example, assume the Recipient’s Minimum Recipient-level leverage multiplier is 10 (per Section 3.2(h) of the Assistance Agreement). In this example, the Recipient has not met its Minimum Recipient-level leverage multiplier. It was required to achieve \$10 MM in Recipient-level leverage; however, it only achieved \$8 MM.

Recipient-level leverage is measured on a portfolio basis as of the Project Completion deadline. The CMF Performance Report will sum up the Recipient’s reporting of Recipient-level investments for Projects that are complete, as well as based on projected investments.

Recipient Level Leverage Test	
Recipient-level Multiplier - Completed 🟡 0.00	Projected Recipient-level Multiplier \$ \$1,140,004.00
Recipient-level Multiplier - Required 🟡 10	Projected Recipient-level Multiplier # 🟡 0.08
% of Rec. level test achieved to date 🟡 0.00%	

### 3.4 What evidence or documentation is required to demonstrate that the Recipient has leveraged funds at the Enterprise-level?

Recipients must retain documentation that demonstrates their Recipient-level leverage. Such documentation may include copies of loan document, wire transfers, account statements, and other documentation demonstrating that the capital raised/earned by the Recipient was not restricted to a specific project at the time it was raised/earned.

If the Recipient is planning to use unrestricted internal funds or to draw on a line-of-credit, it should maintain documentation of transfer records or account statements substantiating that these funds have been combined with CMF Award dollars for an eligible activity listed in Section 3.2(a). While the CDFI Fund does not require the Recipient to submit these documents, they must be available for inspection at the request of the CDFI Fund. The Recipient will also need to



substantiate that any funds it intends to count as Recipient-level leverage have actually been used to finance Eligible Project Costs by the appropriate Project Completion deadline.

### 3.5 If the Recipient has a line of credit, can this arrangement satisfy the requirements of Enterprise-level leverage?

The amount drawn on the line of credit can count as Recipient-level leverage if all three conditions outlined below are met:

- 1) The provider of the line of credit does not direct the Recipient to use its line of credit for specific Projects.
- 2) The line of credit is provided to the Recipient as an entity – not to a Project-specific affiliated entity.
- 3) The amount drawn on the line of credit is expended on Eligible Project Costs.

Please note the Recipient may only count the amount drawn on a line of credit as Recipient-level leverage.

### 3.6 In the case of a CMF investment in a mixed-use Project that includes Economic Development components, how will Leverage be determined?

It depends if the CMF Award is being used to finance/support only the Affordable Housing portion, only the Economic Development portion, or both.

#### Affordable Housing Only

If the CMF Award is only being used to finance/support the Affordable Housing portion, leverage must be based on Eligible Project Costs attributed exclusively to Affordable Housing costs (housing that is or will be occupied by Families at or below 120% of the area median income and is subject to the ten-year Affordability Period). For shared development costs between the two uses (e.g. site work, common space, etc.), the CDFI Fund will accept a square foot proration of the Affordable Housing.

For example, a Recipient plans to develop/finance a \$10 million Project, comprised of office and residential space with a \$1 million CMF Award. Approximately 60% of the square footage will be dedicated to Affordable Housing while 40% to office space. Using pro-rata, 60% of the Project cost can be attributed to Affordable Housing (EPCs = \$10 MM x 60% = \$6 MM).

#### Economic Development Activities (EDA) Only

If the CMF Award is only being used to finance/support the Economic Development portion, leverage would only include Eligible Project Costs associated with physical structures for the identified Economic Development Activities. For shared development costs between the two uses

(e.g. site work, common space, etc.), the CDFI Fund will accept a proration of these shared costs by multiplying the total shared costs by the percentage of property square footage of the Economic Development Activities.

For example, a Recipient plans to use its \$1 million CMF Award to develop market rate housing along with a grocery store that will be accessible to low-income neighborhood residents. If total project costs are \$100 million and the grocery store will account for 10% of the project's square footage, then \$10 million can be attributed to Eligible Project Costs (i.e. the portion of the project costs attributable to the grocery store;  $\$100 \text{ MM} \times 10\% = \$10 \text{ MM}$ ). Since the proposed housing units will be market-rate and are not restricted to 120% of AMI or below, these units are not considered Affordable Housing and cannot be counted as part of Eligible Project Costs.

### Affordable Housing Activities and Economic Development Activities

If the CMF Award is being used to finance/support both Affordable Housing Activities and Economic Development Activities, all costs associated with the Affordable Housing (i.e. housing that is or will be occupied by Families at or below 120% of the area median income and is subject to the ten-year Affordability Period) and with the physical structures for the Economic Development Activities would constitute Eligible Project Costs.

The capital sources are often complex for mixed-use projects with Affordable Housing and other uses. As a result, Recipients are encouraged to submit individual transactions that are of a complex nature to the CDFI Fund via a Service Request early on to ensure the Recipient is calculating the leverage correctly.

### 3.7 How are CMF Award dollars used for Direct Administrative Expenses treated in calculating leverage?

Per Section 3.4 of the FY 2016 Assistance Agreement, Direct Administrative Expenses cannot be reported as Eligible Project Costs. However, leverage is based on the full amount of the CMF Award, regardless of any use as Direct Administrative Expenses.

For example, if the CMF Award is \$1 M and the Recipient is authorized to use Direct Administrative Expenses (up to \$50,000), the Recipient is required to finance/support at least \$10 M in Eligible Project Costs ( $\$1 \text{ M} \times 10 = \$10 \text{ M}$ ); not \$9.5 M ( $\$950,000 \times 10 = \$9.5 \text{ M}$ ). Please note that in this case, the \$50,000 disbursed for Direct Administrative Expenses would not count towards the \$10 M minimum Eligible Project Cost requirement.

As a reminder, only Recipients authorized to use Administrative Direct Expenses the FY 2016 Assistance Agreement can use up to 5% of the CMF Award to support such expenses. The CMF Interim Rule defines Administrative Direct Expenses as direct costs incurred by the Recipient, related to the financing of the Project as described in 2 CFR 200.413 of the Uniform Administrative Requirement

## 4. Project Completion and Placed into Service

### 4.1 What is the difference between Project Completion and Placed into Service under the 2016 Assistance Agreement?

Project Completion requirements are found in 12 CFR §1807.503. In general, Project Completion occurs when necessary title transfer and/or construction are complete and all CMF award funds have been drawn down for the Project. There are also specific, additional requirements associated with Project Completion outlined in the CMF Interim Rule.

Placed into Service requirements, outlined in Section 2.19 of the Assistance Agreement, has different meanings depending on the type of Project, but must occur not later than 12 months following Project Completion:

#### Rental

For rental housing project, Placed in Service occurs when at least ninety percent (90%) of the units financed/supported by Eligible Project Costs have achieved initial occupancy of a qualified family.

#### Homeownership

In the case of a Homeownership unit, Placed into Service occurs when title is transferred to a qualified family.

#### Owner-Occupied Homeownership Rehabilitation

For Rehabilitation of owner-occupied homeownership units, Placed into Service is concurrent with Project Completion pursuant to 12 CFR §1807.503.

#### Economic Development Activities

For Economic Development Activities, Placed into Service occurs when a) all requirements of 12 CFR §1807.503 are met and b) when the initial tenant has signed the lease and has the right to move in.

### 4.2 What happens if a Project is Placed into Service more than twelve months after Project Completion?

Per Section 4.3 of the Assistance Agreement, a CMF-funded project not Placed into Service within 12 months of Project Completion, would be considered an event of noncompliance. To remedy an event of noncompliance, the CDFI Fund may, in its sole discretion, take one or more actions, as outlined in Section 8.2 of the Assistance Agreement.

Recipients are required to ensure that each project supported by the CMF Award is Placed into Service within twelve months of Project Completion, as stated in Assistance Agreement Section 4.3. The Recipient must notify the CDFI Fund of its noncompliance by submitting a Material Events form within 30 days of the event. The facts and circumstances will be considered and remedies determined by the CDFI Fund, in its sole discretion, will be imposed. The Material Events form can be found here: [https://www.cdfifund.gov/Documents/Certification of Material Events Form.doc](https://www.cdfifund.gov/Documents/Certification%20of%20Material%20Events%20Form.doc)

4.3 If the Recipient has already Placed into Service units that exceed the number of required units in Assistance Agreement Section 3.2(c) and 5.1(c), does it still need to meet the required percentages under Sections 3.2(d), 5.1(d), 5.2(a) and 5.3(a) for additional CMF-financed units?

Yes. All obligations and requirements of these sections apply to CMF financed/supported units regardless if the Recipient has exceeded the number of units required in Section 3.2(c) and 5.1(c).

## 5. Affordability – General Topics

5.1 If a Recipient makes loans that are typically early stage and are repaid before the Projects are completed, do occupancy and Affordability tracking requirements still apply? When does the Affordability Period start if the Recipient provides only pre-development financing?

Yes. Any Project that received financial assistance or support via a CMF Award , including loan guarantees, loan loss reserves, bridge loans, early stage investments, and other assistance becomes part of the portfolio of Projects that are subject to the ten-year affordability requirements. Even if the financial assistance has been repaid and is no longer supporting the Project, the affordability requirements must continue for the ten-year period from the Placed into Service date. Recipients must have an ongoing relationship and there should be a legally enforceable mechanism (such as deed restrictions) with the borrower or Project owner to ensure that the units remain affordable and are rented or owner-occupied by an applicable qualifying family for the 10-year Affordability period.

The Affordability Period for a Project begins when the Project is Placed Into Service.

5.2 Are there any circumstances in which a CMF investment can be made in an Affordable Housing Project, in which the Project would not be subject to the Affordability requirements?

No. Once a Project benefits from CMF financial assistance, whether through a direct investment or a form of credit support such as a loan loss reserve or loan guarantee, it becomes part of the

CMF portfolio and must meet the affordability requirements for the full Affordability Period, even if the CMF investment is no longer invested in or supports the Project.

### 5.3 Where are the data to determine who is qualified as a Low-Income, Very Low-Income, and Extremely Low-Income Family?

The Department of Housing and Urban Development (HUD) annually provides this data. A Family whose income is not in excess of 120% of the applicable Area Median Income (AMI) is considered Eligible-Income for CMF. A Family whose income is not in excess of 80% of the applicable AMI is considered Low-Income. A Family whose income is not in excess of 50% of the applicable AMI is considered Very Low-Income. A Family whose income is not in excess of 30% of the applicable AMI is considered Extremely Low-Income. The HUD database provides this data, adjusted for family size.

The HUD data can be found here: <https://www.huduser.gov/portal/datasets/il.html>.

From this page follow the link under “Access Individual Income Limits Areas.”

### 5.4 If a Recipient is using its CMF Award for Affordable Housing Activities related to manufactured housing and housing lots, how does it determine Affordability of the units?

Classified as Single-family housing, the purchase price of the manufactured home may in no event exceed 95% of the median sales price for manufactured homes as determined by the HUD Annual Manufactured Housing Survey for each state, and further, the combined cost of the home and the pad/lot rent should be used to determine affordability at the targeted income level. Recipients are required to report financing in manufactured housing as Single-family housing under the owner-occupied related fields.

### 5.5 Can the Recipient rely on a deed restriction, covenant running with the land or other recordable mechanism placed by a third party in order to meet the affordability requirements?

Yes. The Recipient may meet the affordability requirements through a deed restriction, covenant running with the land or other recorded mechanism. Keep in mind that affordability must be maintained for at least ten years from the Placed into Service date. Deed restrictions and similar recordable instruments must survive sale or transfer during the Affordability Period and reflect the necessary CMF criteria outlined in the Assistance Agreement and the Interim Rule, including affordability for the necessary income qualifications for the Affordability Period. A deed restriction or covenant recorded for another lender, investor, funder or program may be acceptable to the CDFI Fund; however, the Recipient is responsible for ensuring the appropriate restriction was duly made and submitting a copy (as well as any amendments) to the CDFI Fund as specified in the Assistance Agreement. Per the Assistance Agreement, the Recipient is also responsible for ensuring that these restrictions are enforceable under all applicable laws.

## 6. Affordability – Rental Property

### 6.1 What are the Affordability requirements for rental housing financed with the Capital Magnet Fund (CMF)?

The requirements for affordability for rental housing are contained in several places. Recipients should particularly review 12 CFR §1807.400-401. In addition, affordability is addressed in the Assistance Agreement in Section 3.2 and Section 5.3(g).

Affordability for the Capital Magnet Fund (CMF) is tested at the portfolio level and Project level.

#### **Portfolio Level:**

100% of the Eligible Project Cost dollars (the sum of costs funded by CMF Award plus Leveraged Costs) must be used for Affordable Housing to benefit Eligible-Income Families (at or below 120% AMI).

Greater than 50% of the Eligible Project Costs must serve Families who are Low-Income, those at or below 80% of the Area Median Income (AMI), adjusted for family size.

Schedule 1 (Sections 3.2(d), 5.1(d), 5.2(a), and 5.3(a)) of the Assistance Agreement identifies your organization's specific portfolio-level targeted incomes.

#### **Project-level:**

For FY 2016 CMF Award Recipients, a minimum of 20% of units in each rental Project must be occupied by Very Low- or Extremely Low-Income Families.

To be eligible, an occupying family must be income qualified at the time of initial occupancy. As families incomes increase and become over-income, the units must be replaced with other units occupied by qualifying tenants. See 12 CFR §1807.401(g) for requirements for over-income tenants. Rents must remain affordable at each income level.

### 6.2 How do Recipients report affordability restrictions under Assistance Agreement Section 3.2(g)?

To submit documentation showing that each CMF Project has the necessary deed restrictions or covenants, submit a Service Request in AMIS. Select type select "General Inquiry" as the Record Type and CMF – Evidence of deed restriction/recordable mechanism as the Type. Be sure to attach evidence of such filing to the Service Request. The Service Request must be submitted **within 30 days of the establishment of such deed restrictions or covenants** or within 5 days of the documents availability, whichever is later.

### 6.3 Must all of the units in a CMF-financed development or Project serve Eligible-Income Families?

No. It is possible to use CMF funds in a Project that has units which serve higher income families, but no costs for the higher income units can be paid with a CMF Award, nor can costs for higher income units be counted towards Eligible Project Costs. 100% of Eligible Project Costs (CMF Award plus Leveraged Costs) must be attributable to housing units that meet the affordability qualifications for Eligible-Income Families.

### 6.4 If the Recipient is investing in a scattered site rental Project consisting of Single-family housing or small buildings (e.g., 1-9 units), can it aggregate these buildings for the purposes of meeting the requirement that 20% of the units in the Project must be affordable to Very Low-Income or Extremely Low-Income Families?

Yes, if the rental units are scattered (not part of the same property and not adjacent), the units in the buildings or Single-family housing can be counted as part of the same rental Project if they are under the same ownership and connected through a single financing.

### 6.5 What is required if a CMF assisted rental property is sold before the end of the ten-year Affordability Period to a new owner who does not plan to continue meet the affordability requirements during the ten-year Affordability Period?

A CMF assisted rental property must continuously meet affordability requirements throughout the ten-year Affordability Period, regardless of any sale or transfer of the property or other change in ownership (See 12 CFR §1807.401(d)). If any rental Project is sold before the end of the Affordability Period is completed and no longer meets the affordability requirements, the Recipient would be non-compliant and must submit a Materials Events form within 30 days of the event.

### 6.6. If the Recipient acquires a rental property without existing affordability restrictions that is occupied by a Family at the time of acquisition, must the existing Family meet any income limitations at the time of the property transfer? Can it use CMF Award to purchase unrestricted properties and wait to place a deed restriction until a new family moves in?

Recipients can use the CMF Award to acquire properties with units that are unrestricted at the time of purchase with the intent of restricting them. However, affordability restrictions must be in place prior to Project Completion. The ten-year Affordability Period will not commence until at least ninety percent (90%) of the eligible units are occupied by qualifying families. Projects must be Placed into Service within 12 months of Project Completion. Please refer to the Placed into Service requirements in Section 2.19 of the Assistance Agreement and Question 5.3 in the FAQs.



## 7. Affordability – Homeownership

### 7.1 How do Recipients report affordability restrictions under Assistance Agreement Section 5.3(k)?

In order to provide the required documentation showing that each Project has associated with it the necessary deed restrictions or covenants, **within 30 days of the establishment of such requirements** or within 5 days of the documents availability, whichever is later, Recipients should submit a Service Request in AMIS. Select type select “General Inquiry” as the Record Type and CMF – Evidence of deed restriction/recordable mechanism as the Type. Be sure to attach evidence of such filing to the Service Request. In general, once the information has been filed with the CDFI Fund, no further action will be required.

### 7.2 What is a recoupment strategy, and who is required to have one?

Recipients undertaking Homeownership activities must prepare a written recoupment strategy, as required by Assistance Agreement Section 5.3(h) and 12 CFR §1807.402(5). A Recipient’s recoupment strategy outlines how the 10-year Affordability Period will be achieved in the event that a Homeownership property is sold to a Family which does not meet the applicable income requirements. As part of its recoupment strategy, the Recipient may plan to recoup all or part of the CMF Award funds used for a Homeownership property and reuse the repaid funds to finance another qualifying affordable housing property for the remainder of the 10-year period. Alternatively, the recoupment strategy could require that the home be sold to a qualified buyer or could impose deed restrictions or other enforcement mechanisms. The recoupment strategy must be approved by the Recipient’s Board of Directors. If there are deed restrictions or covenants running with the land or similar mechanisms, the Recipient must provide evidence of these filings as outlined in Assistance Agreement section 5.3(k). Please note: The Recipient must ensure each Homeownership property remains affordable, or replace it with another affordable unit whether the initial CMF Award is recouped or not.

### 7.3 What are the requirements and deadlines for creating a recoupment strategy prior to initially Committing CMF Award dollars?

The FY 2016 Assistance Agreement requires Recipients to prepare the resale or recoupment strategy in writing and have it approved by the Recipient’s Board of Directors prior to the initial date the CMF funds are Committed to an Affordable Housing Homeownership Project. Recipients do not need to submit their recoupment strategies to the CDFI Fund for prior approval.

12 CFR §1807.402(a)(5) provides Recipients flexibility on how to meet the Affordability requirement for Homeownership. Per the CMF Interim Rule and the Assistance Agreement, the Recipient must create and implement a Board-approved resale and recoupment strategy prior to



Committing any CMF Award dollars for use. This strategy must ensure that the amount of the CMF Award used for the initial Affordable Housing Activity and the number of affordable units at each level of affordability designed in the Recipient's Assistance Agreement must be constant throughout the 10-year Affordability period. It should minimally contain all of the elements outlined in Section 5.3(h) of the Assistance Agreement and 12 CFR §1807.402(a)(5). The Recipient's recoupment strategy (and evidence of its Board approval) must be retained by the Recipient and be available for review at the CDFI Fund's request, including evidence of its date of approval by the Board of Directors.

#### 7.4 What is the difference between a recoupment strategy and reinvestment (Program Income) requirements?

Recoupment strategy requirements are separate from reinvestment requirements for treatment of Program Income. The Program Income requirements outlined in Section 3.8 dictate how returned CMF Award funds (i.e. repaid principal, equity or interest) must be used or reinvested throughout the Investment Period (5 years from the Effective Date). The recoupment strategy applies throughout the 10-year Affordability Period and identifies how Recipients will maintain affordability in the event of resale or other change in ownership of a Homeownership unit.

#### 7.5 Our CMF investment in the Homeownership Project was repaid prior to the home being sold. If we received our money back, how does the recoupment strategy apply?

Your recoupment strategy is your plan for ensuring that CMF supported units will achieve 10 years of affordability. It should include how you would achieve this goal if you are repaid (either planned or unexpected) prior to the Affordability Period for that unit being completed.

Affordability for any CMF supported Project is required for at least ten years upon the unit being Placed into Service. In accordance with 12 CFR 1807.402(a)(5), an amount equal to the amount of the CMF Award investment in the Housing, whether recouped or not, must be used to finance additional Affordable Housing Activities for a qualifying Family in the same income category for Affordable Housing Homeownership in the manner set forth in this section for the remaining duration of the Affordability Period.

In general, for a Homeownership property, the ten-year Affordability Period may be achieved in one of 3 ways:

- The home is owned and occupied by the initial qualifying household for the entire 10 year Affordability Period; OR
- If the owner elects to sell the home during the 10 year Affordability Period and it is sold (at a qualifying price as defined in § 1807.402) to another income qualified Family thereby maintaining continuous affordability; OR

- If the owner elects to sell the home during the 10 year Affordability Period and consistent with the recoupment strategy of the Recipient, another affordable property is substituted with a property for another family within the same income group and new affordability restrictions are placed on that property.

#### 7.6 Are annual income certifications required for Homeownership Affordable Housing Projects?

No. However the home must remain owner-occupied (not rented) and if the unit is sold prior to the end of the ten-year Affordability Period, the unit must be sold to a qualifying Family or an amount equal to the amount of the CMF Award used to finance or support that housing unit, whether recouped or not, must be used to finance a home purchase by an additional qualifying Family in the same income category, per 12 C.F.R. §1807.402(5). It is strongly encouraged that the Recipient have deed restrictions or at least notification requirements to ensure the Recipient is aware any time a home is sold. Regular self-certification from the homeowner that they continue to occupy the home and that it has not been rented is also something the Recipient may want to consider.

## 8. Audits and Certifications

### 8.1 Are Federal single audits required for CMF Recipients?

A nonprofit Recipient must complete an annual Single Audit pursuant to the Uniform Administrative Requirements (2 C.F.R. §200.500) if it expends \$750,000 or more in Federal awards in its fiscal year, or such other dollar threshold established by OMB pursuant to 2 CFR §200.500. If a Single Audit is required, it must be submitted electronically to the Federal Audit Clearinghouse. <https://harvester.census.gov/facweb/> Recipients are encouraged to also submit it via the Awards Management Information System, following the instructions in the “AMIS Training Guide: 2016 Capital Magnet Fund Recipients’ Compliance Reporting Guidance”.

A nonprofit Recipient that is not required to submit a Single Audit in accordance with the Uniform Administrative Requirements for any given fiscal year, shall submit their most recent statement of financial condition audited or reviewed by an independent certified public accountant, if prepared, to the CDFI Fund, again following the AMIS Training Guide. 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.

For any given fiscal year a for-profit Recipient must submit statements of financial condition that have been audited or reviewed by an independent certified public accountant. Such Recipients are not required to submit a single audit.

## 8.2 When are CMF awards considered “expended”?

CMF Awards are considered expended once the Recipient allocates the funds towards one of the eligible activities specified in Section 3.2 of its Assistance Agreement. Note that prior to the time the Recipient designates the entire award amount into the eligible use(s), any remaining amount of funds not designated are deemed to be “Advances” as defined in the Assistance Agreement and should be kept in interest-bearing accounts with interest remitted to the Department of Health and Human Services in compliance with OMB guidance.<sup>1</sup>

## 8.3 When must interest income be remitted to the Federal government and how is this done?

If at the end of any fiscal year, the Recipient determined that it has earned in excess of \$500 dollars in interest income from deposits of unexpended funds (Advances), the amount in excess of \$500 must be remitted to the Federal government. See the Uniform Administrative Requirements 2 CFR §200.305 for more information.

The remittance of interest income is managed centrally by the Department of Health and Human Services for the Federal government. More information about how to submit payments can be found here: [https://pms.psc.gov/grant\\_recipients/returningfunds.html](https://pms.psc.gov/grant_recipients/returningfunds.html)

# 9. Environmental Reporting Requirements

## 9.1 If a Project has less than \$1 million in CDFI Fund financing, does a “Categorical Exclusion” apply under 12 CFR §1810.110?

Yes. 12 CFR §1810.110 includes a Categorical Exclusion for Projects that have \$1 million or less of CDFI Fund financing (excluding any other leveraged capital but including any grants from the CDFI Fund). A Categorical Exclusion means that the CDFI Fund has already determined that the Project does not have a significant effect on the human environment (40 CFR §1508.4). Therefore, neither an Environmental Assessment nor an Environmental Impact Statement is required. Please note that a Categorical Exclusion under the CDFI Fund regulations does not impact the requirements associated with any other Federal or other program.

When determining the amount of CDFI Fund financial assistance, the Recipient must account for financing provided by the Recipient in each phase of the Project, if there were multiple investments from CDFI Fund sources of capital (i.e., from all CDFI programs). Thus, if the Recipient made two separate \$750,000 investments from the CMF Award in the same Project, this would mean more than \$1 million of investment came from CDFI sources of capital. If the total is less than \$1 million, the Recipient should follow the instructions for categorically

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<sup>1</sup> Formerly, this guidance was represented in OMB Circular A-110, as referenced in the Assistance Agreement; new guidance is provided in 2 CFR 200, with the specific reference to interest remittance at 2 CFR 200.305(b)(9).

excluded Projects. Also, the Recipient must consider any other sources of CDFI Fund financing, regardless of whether the Recipient or another entity provided that financial assistance to the Project.<sup>2</sup> So if two CDFI Fund-sourced investments cumulatively total more than \$1 million, this Categorical Exclusion would not apply.

Example: Suppose that the development of a Project will result in a land use change from nonresidential to residential, so the Project would not meet the Categorical Exclusion under 12 CFR 1815.110(f), but there is less than \$1 million of CDFI Fund grant investment in the Project. This Project would still be categorically excluded because the total CDFI Fund investment is under \$1 million.

## 9.2 What are the CMF Award Recipient's responsibilities under the environmental review provision in Section 6.12 of the Assistance Agreement?

To comply with the requirements of Section 6.12 of the Assistance Agreement the Recipient is required to determine whether each Project is a Categorical Exclusion of actions that do not individually or cumulatively have a significant effect on the human environment.

The Recipient should review each proposed project against the list of Categorical Exclusions (reprinted in Question 9.3).

If the proposed project is Categorically Excluded – no CDFI Fund notification is needed: If one or more of the Categorical Exclusions set forth in 12 CFR §1815.110 **DOES** apply to the proposed project and it is one that does not involve actions that normally require an Environmental Impact Statement (EIS) as defined in 12 C.F.R. §1815.102(a)(7), the CDFI Fund **does not require** the Recipient to submit the Environmental Review Notification Report for further evaluation under the Assistance Agreement. However, documentation supporting the finding of a Categorical Exclusion should be kept by the Recipient in the event of the need for the CDFI Fund to inspect such documentation for compliance purposes.

Do NOT send forms for Categorically Excluded proposed projects to the CDFI Fund as the CDFI Fund has already determined that these types of projects do not have a significant impact on the human environment.

Note that at the time the Recipient entered into its Assistance Agreement, the Recipient certified that, as applicable, each time a Recipient identifies a new proposed project, the Recipient must identify one or more Categorical Exclusions and that the proposed project does not involve actions that normally require an Environmental Impact Statement. As each proposed project is considered for investment, the Recipient should perform this evaluation prior to making a Commitment of CMF Award dollars. Per the record keeping requirements outlined in Section 7.4 of the Assistance Agreement, a record of the Categorical Exclusion for each project and underlying justification for it must be retained by the Recipient. In addition to identifying the

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<sup>2</sup> The CDFI Fund has determined that only financial assistance that is derived from the Capital Magnet Fund or the CDFI Program Financial Assistance grant program apply.

Categorical Exclusion and the justification for it, the Environmental Review Notification Report should be completed for record keeping purposes.

If proposed project is **NOT** categorically excluded – CDFI Fund notification needed:

12 CFR §1815 requires the CDFI Fund to determine if an Environmental Assessment and/or Environmental Impact Statement is required and to conduct such studies. At this time, the CDFI Fund cannot rely upon the findings of other agencies, but can use them in its evaluation. As a result, proposed projects that are not Categorical Exclusions may be subject to lengthy delays, as the CDFI Fund arranges for and conducts necessary reports and regulatory processes.

If a proposed project is not Categorical Exclusion, the Recipient is required to submit an Environmental Review Notification Report to comply with Section 6.12, as follows:

1. If the proposed project is already undergoing (or has undergone) an environmental review as a condition of other funding (e.g. state or federal funding), the Recipient should notify the CDFI Fund by submitting a service request in AMIS (select “General Inquiry” as the Record Type, then “Cross Program- Environmental Review” as the Type) no later than 90 days prior to Committing CMF Award dollars to the Project. The Recipient must attach a completed Environmental Review Notification Report (available on CDFI Website on the CMF Program’s Compliance and Reporting page) for the Project and provide the details of the environmental review in the description box of the service request form. The Recipient will also be required to submit the approved and completed environmental review(s) to assist the agency in conducting its own environmental assessment or Environmental Impact Statement.
2. If Item 1 does not apply, a Recipient should advise the CDFI Fund by submitting a Service Request in AMIS (select “General Inquiry” as the Record Type, then select “Cross Program- Environmental Review” as the Type) no later than 90 days prior to Committing the CMF Award dollars to the proposed project. A Recipient must attach a completed Environmental Review Notification Report for the proposed project (available on CDFI Website) to the Service Request.

### 9.3 What are the Categorical Exclusions under 12 CFR 1815.110?

The Categorical Exclusions are reprinted below:

- (a) Actions directly related to the administration or operation of the CDFI Fund (e.g. personnel actions, including, but not limited to, staff recruitment and training; purchase of goods and services for the CDFI Fund, including, but not limited to, furnishings, equipment, supplies and services; space acquisition; property management; and security);
- (b) Actions directly related to and implementing proposals for which an environmental assessment or an environmental assessment and EIS have been prepared;

(c) Actions directly related to the granting or receipt of Bank Enterprise Act awards pursuant to part 1806 of this chapter;

(d) Actions directly related to training and/or technical assistance;

(e) Projects for the acquisition, disposition, rehabilitation and/or modernization of 500 existing housing units or less when all the following conditions are met:

(1) Unit density is not increased more than 20 percent;

(2) The Project does not involve changes in land use from nonresidential to residential;

(3) The estimated cost of rehabilitation is less than 75 percent of the total estimated cost of replacement after rehabilitation; and

(4) The Project does not involve the demolition of one or more buildings containing the primary use served by the Project that, together, have more than 20 percent of the square footage of the Project;

(f) Projects for the construction of 200 housing units or less when all the following conditions are met:

(1) The Project does not involve changes in existing land use from nonresidential to residential; and

(2) The Project does not involve the demolition of one or more buildings containing the primary use served by the Project that, together, have more than 20 percent of the square footage of the Project;

(g) Projects for the acquisition, disposition, rehabilitation and/or modernization of 200,000 square feet or less of existing commercial space when all the following conditions are met:

(1) The Project does not involve changes in existing land use from residential to nonresidential;

(2) The estimated cost of rehabilitation is less than 75 percent of the total estimated cost of replacement after rehabilitation; and

(3) The Project does not involve the demolition of more than 10,000 square feet of commercial space containing the primary use served by the Project;

(h) Projects for the construction of 100,000 square feet or less of commercial space when all the following conditions are met:

(1) The Project does not involve changes in existing land use from residential to nonresidential: and

(2) The Project does not involve the demolition of more than 10,000 square feet of commercial space containing the primary use served by the Project;

- (i) Projects for the acquisition of an existing structure, provided that the property to be acquired is in place and will be retained in the same use;
- (j) Projects involving CDFI Fund financial assistance of \$1,000,000 or less;
- (k) Actions directly related to the provision of residential tenant-based rental assistance, Consumer Loans, health care, child care, educational, cultural and/or social services;
- (l) Actions involving Fund financial assistance that is used to increase the permanent capital and/or liquidity of an applicant;
- (m) Actions where no use of Federal funds is involved in the activity or Project; and
- (n) Actions directly related to the provision of working capital, the acquisition of machinery and equipment or the purchase of inventory, raw materials or supplies.

#### 9.4 Does pre-development financing of a proposed project require the completion of an Environmental Assessment (EA) or Environmental Impact Statement (EIS)?

Yes, if the proposed project is not categorically excluded, an EA or EIS will be required. Recipients are precluded from Committing CMF Award dollars to a proposed project if it is not known if an environmental review is required by the CDFI Fund Regulations (12 CFR 1815).

The requirement to complete an environmental review or EIS depends on the attributes of the financed or supported proposed project. If the Recipient knows that the proposed Project is Categorically Excluded, the Recipient does not need to notify the CDFI Fund. The Recipient must document the Categorical Exclusion in its Project file to support the certification required in Section 6.12(a) of the Assistance Agreement. If the Recipient knows that the proposed project is not Categorically Excluded, the Recipient must follow the steps outlined above in FAQ 9.2.

## 10. Program Income and Reinvestment

### 10.1 What are the requirements for reinvestment of Program Income during the Investment Period per Assistance Agreement Section 3.8?

FY 2016 CMF Recipients are required to reinvest Program Income if it has accumulated \$100,000 or more in Program Income (that has not already been reinvested in eligible activities and uses) during each fiscal year through the fourth year of the Performance Period. The CDFI Fund encourages Recipients to invest Program Income as soon as possible.

Note that the \$100,000 trigger amount is a cumulative calculation. For example, suppose the Recipient had \$75,000 in Program Income in year two. This would not trigger the reinvestment

requirement that year. However, in year three, the Recipient received an additional \$50,000 in Program Income. The total Program Income above \$100,000, or \$25,000, would need to be Committed in year four.

10.2 Section 3.8(a) of the Assistance Agreement states Program Income that is not committed “as of the end of the annual reporting period” must be committed within the next 12 months. Does the end of the annual reporting period refer to the end of the fiscal year? Or the deadline for the annual performance reports?

Fiscal year. Use the Start and End Dates listed in the “Investment Period report and SF-425” table under the Performance Report section of the Assistance Agreement.

10.3 What are the authorized uses, deadlines, and restrictions on the use of Program Income?

Recipients should refer to Sections 3.8 and 3.9 of the Assistance Agreement for the authorized uses, deadlines, restrictions, and reinvestment requirements for Program Income. Any Program Income in excess of \$100,000 earned during the Investment Period in the form of principal and equity repayments of the CMF Award must be reinvested by the Recipient in Affordable Housing Activities or in Economic Development Activities. Any Program Income earned and not Committed as of the end of an annual reporting period must be Committed in accordance with Section 3.8 within the next twelve (12) months, or as otherwise established in writing by the CDFI Fund.

Per Section 3.8(d), any Program Income in any form (including principal or equity repayments of the CMF Award and interest payments) earned after the Investment Period, must be used only to further the objectives of the Recipient’s mission as a Certified CDFI or Nonprofit Organization.

10.4 When can the CMF Award funds be considered unrestricted?

Recipients should consult their accounting advisors as to how Program Income should be presented on their financial statements. The CDFI Fund cannot provide accounting advice. **Please note that per 12 CFR § 1807.602, CMF Award funds retain their Federal character until the end of the Investment Period.**

## 11. Records Retention

11.1 What particular documents must CMF Recipients maintain on-site for site reviews?



Recipients are reminded to thoroughly review Sections 7.3 and 7.4 of the Assistance Agreement (Record retention and access; General data collection). In general, records should be retained to reasonably demonstrate compliance with the Assistance Agreement.

All Recipients are required to maintain records on-site demonstrating program compliance and be prepared to furnish to the CDFI Fund, if requested, the following documents:<sup>3</sup>

- Documentation that demonstrates compliance with and maintenance of the affordability requirements. Such documentation may include: records restrictions or covenants in the title or deed of the property in question that stipulate that it be used solely for the purposes of Affordable Housing, rental agreements that establish rents charged to tenants, and any other relevant written agreements that demonstrate affordability restrictions on the property. Such documentation must also confirm the incomes of all tenants living in rental housing units that are designated as affordable and the actual rents charged to those tenants on an annual basis.
- Documentation that establishes adherence to all relevant environmental regulations pertaining to Projects, including justification for Categorical Exclusion (if applicable).
- Documentation that establishes Family income at the time of home purchase or initial lease, as applicable.
- Loan Guarantee agreements.
- Risk-Sharing Loan agreements.
- Documentation that establishes the Project meets the property standards requirements set forth in 12 CFR §1807.503.
- Documentation that the CMF Award has been Committed for use within two years of the Effective Date. Evidence of Commitment includes a written, legally binding agreement under which CMF assistance will be provided to the developer or Project sponsor for an identifiable Project.
- Documentation evidencing an initial disbursement of CMF Award for Affordable Housing Activities, and Project Completion within 5 years of the Effective Date.
- Documentation evidencing Eligible Project Costs and that the CMF-assisted housing meets the targeted incomes and geographies set forth in Section 3.2 of the Assistance Agreement.
- Any documentation not listed above that supports the data submitted in the Recipient's annual reports.
- Documentation of evidence of Concerted Strategy for Economic Development Activities.
- If financing/supporting Homeownership Affordable Housing Activities, your Board-approved recoupment and resale strategy.

## 12. Restrictions and Requirements

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<sup>3</sup> Recipients do not need to keep documentation on-site of the financial qualification of individual Families. However, Recipients are responsible for ensuring that reasonable access is available for the review of such records by the government. Recipients are strongly encouraged to review the requirements outline in Section 5.5 of the Assistance Agreement.

### 12.1 Are Recipients bound to the Geographic Areas designated in their Assistance Agreement?

Yes. If a Recipient was approved for a local, statewide (or territory-wide) or multi-state Service Area, then its use of its CMF Award is restricted to the states and/or counties listed as approved geographic areas in Section 3.2(g) of the Assistance Agreement.

If a Recipient was approved for a National Service Area it can use the CMF Award in any state, district or territory of the U.S.

### 12.2 Are there any limitations with respect to using CMF Awards in conjunction with other CDFI Fund program awards?

Effective on July 20, 2017, the CDFI Fund amended the FY 2016 CMF Assistance Agreement to permit Recipients to use its CMF Award in combination with other CDFI Fund assistance the Recipient has been awarded to the same Project only when used in different phases of the Project development. Recipients may combine more than one CMF Award in financing a single phase of a Project. Use of CMF financing in multiple phases of a single Project is also permissible. Note that some specific restrictions apply to the CDFI Bond Guarantee Program funds.

A copy of the amendment was uploaded to Recipients' AMIS accounts and can be found under the "Notes & Attachments" section under the Award record. See the document titled "Global Amendment 2016 AA sec 3.5h and 7.9b.pdf".

Note that where multiple CMF or CDFI Fund Awards are used in a single Project, Project data must be pro-rated according to a reasonable formula. For example, if two Recipients invested in the same property at an equal amount, the Eligible Project Costs and other performance data might be split in half for each Recipient. Under no circumstance will Recipients be permitted to "double count" performance data toward their compliance obligations.

### 12.3 Is there a limitation on using CMF Award on the same Project that will be or was financed with a CDFI Fund award from another entity/Recipient?

No, not based on your CMF Award. The limitations described in FAQ 12.2 only prevents the same Recipient from dedicating its own CMF Award and its own Awards, Allocations, or Bond Loans from other CDFI Fund programs to the same phase of the Project.

### 12.4 Can a CMF Recipient combine its CMF Award with its CDFI Financial Assistance (FA) Award into one loan pool or one "fund" or "Program"?

The CDFI Fund strongly discourages the mixing of CMF Award dollars with other awards from the CDFI Fund in a single fund or program account. Combining these award dollars into a single account will make reporting and tracking difficult, raising risk of an Event of Noncompliance and

the likelihood of incorrect performance reporting. Keep in mind that there are limitations with respect to using multiple CDFI Fund program awards to finance/support Projects in the same phase of development. Within a combined fund, the Recipient would need to be able to show that the CDFI Program grants were in fact not combined in the same phase of development.

If, despite the CDFI Fund's advice, a Recipient of both CMF and CDFI FA awards combines all or part of its awards into one fund, the Recipient must establish accounting procedures and internal controls to separately track FA Award and CMF Award dollars such that the CMF program requirements can be met and documented for compliance purposes.

Any amount of Recipient's Awards under other CDFI Fund Programs used to finance a Project must be deducted from Eligible Project Costs.

### 12.5 Are Recipients of CMF Awards subject to Davis-Bacon wage requirements?

No, CMF Recipients are not subject to Davis-Bacon wage requirements regarding the use of CMF Awards. However, other federal program funding contributed to a Project may trigger Davis-Bacon requirements for the entire Project. Recipients are advised to independently review the requirements for all sources of federal funding.

### 12.6 Can a Recipients use its CMF Award to fund Projects not in its application pipeline or for different purposes than specified in the Application?

The description of a Recipient's pipeline in its Application was not binding, and new Projects can be considered so long as they meet the program requirements in the CMF Interim Rule, authorizing statute and Assistance Agreement. However, a Recipient may only deploy the CMF Award for the eligible activities and eligible uses approved in Sections 3.2(a) and 3.2(b) of the Assistance Agreement. To request a revision of the approved eligible activities or eligible uses, Recipients must request an amendment to its Assistance Agreement.

### 12.7 As mentioned in Section 3.4(e) of the Assistance Agreement, can Recipients commit CMF Award dollars and pay for costs incurred within the last 36 months that the CMF Award dollars are Committed to the Project?

The purpose of the Capital Magnet Fund is to add new affordable housing units and/or preserve or extend the existing affordability of housing units. The FY 2016 CMF Assistance Agreement language specifies that the costs contained in Section 3.4(f) may only be treated as Eligible Project Costs if 1) the costs were incurred not more than thirty-six (36) months prior to the date that the CMF Award dollars are Committed to the Project and 2) the costs were incurred for a Project that achieved Project Completion on or after the Award Announcement Date.

## 13. Timelines

13.1 What are the key timelines for deploying CMF award dollars and reporting activities to the CDFI Fund?

### **Deployment Timelines:**

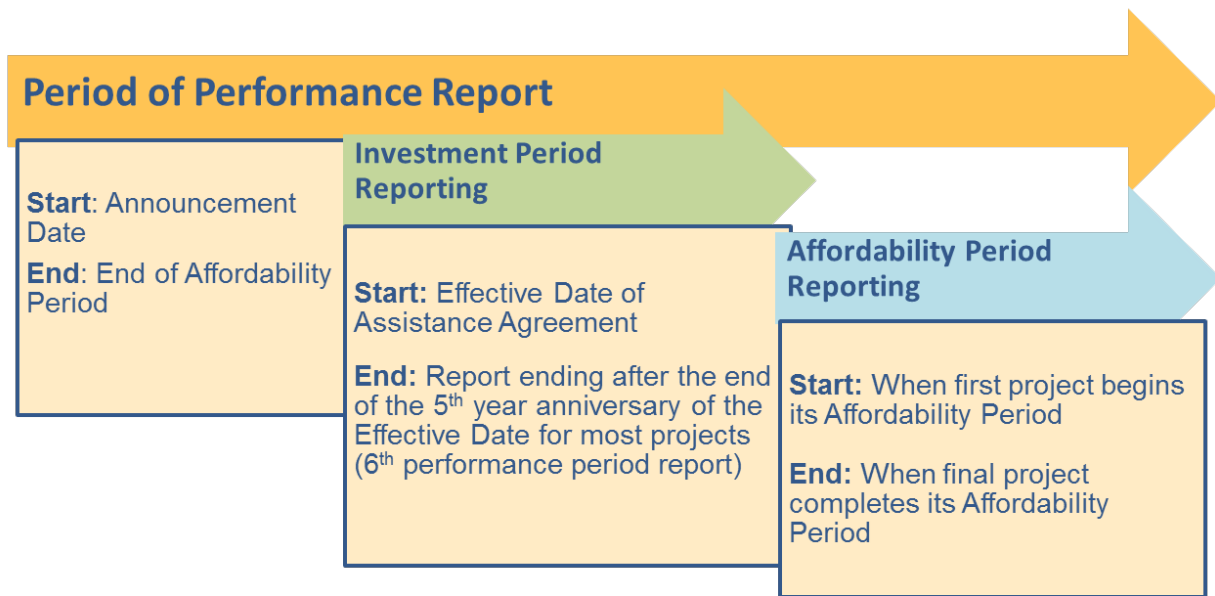
As specified in Article IV of the Assistance Agreement, Recipients are required to:

- (i) Commit the total amount of CMF Award for eligible uses no earlier than the date of the Award Announcement (September 22, 2016) and no later than two years after the Effective Date of the Assistance Agreement;
- (ii) Begin disbursement of CMF Award towards eligible activities no earlier than the date the grant was paid to the Recipient and no later than three year after the Effective Date of the Assistance Agreement; and
- (iii) Demonstrate that all Projects funded/supported with a CMF Award have achieved Project Completion within 5 years after the Effective Date of the Assistance Agreement.

Note: There are separate timelines associated with the reinvestment of Program Income. These are outlined in Section 3.8 of the Assistance Agreement.

In addition, per Section 5.4 of the Assistance Agreement, Recipients are required to ensure that the housing units funded or otherwise supported with a CMF Award shall be affordable to Eligible-Income families for a period of no less than ten-years, beginning after Project Completion.

### **Reporting Timelines:**



A Recipient is required to report information to the CDFI Fund on an annual basis for the duration of its Assistance Agreement. Reporting deadlines are detailed in Schedule 1-C of the Assistance Agreement.

### 13.2 What is the deadline for a Project to be Placed into Service after it achieves Project Completion?

Project Completion occurs when all requirements set forth in 12 C.F.R. § 1807.503 have been met. Once a Project has achieved Project Completion, the Recipient shall ensure that it is Placed into Service by no later than twelve (12) months from Project Completion.

Please refer to Section 2.19 of the Assistance Agreement for the full definition of Placed into Service. Also refer to Section 4 of these FAQs.

The CMF Performance Report detail page includes a section labeled "Project Completion Test". This automatically calculated compliance with this test. (Coming soon.)

## 14. Waivers, Notice, Approvals and Amendments

### 14.1 How does a Recipient request an amendment to the Assistance Agreement to change any of the commitments in Schedule 1?

See Question 2.4

14.2 Other than the Reports described in Schedule 1-B, what issues require written notification from the Recipient to the CDFI Fund and how are these submitted?

In the Assistance Agreement, there are several issues listed which require the Recipient to notify the CDFI Fund in writing. Please see the table below for a summary and review the relevant section of the Assistance Agreement for complete information.

Issue	Description	Assistance Agreement Section
CMF Award not Committed by required date	If the Recipient fails to have all of its CMF Award Committed by the date set forth in Schedule 1 of the Assistance Agreement, the Recipient shall notify the CDFI Fund in writing of this failure as a Material Event by no later than <b>thirty (30) days</b> after the Committed for use date set forth in Schedule 1 of the Assistance Agreement. Use the Material Events form and process indicated below.	Section 3.2(i)
CMF Award not initially disbursed by required date	If the Recipient fails to make an initial disbursement of its CMF Award by the date set forth in Schedule 1 of the Assistance Agreement (three years after the Effective Date), the Recipient shall notify the CDFI Fund in writing of this failure by no later than <b>thirty (30) days</b> after the disbursement date set forth in Schedule 1 of the Assistance Agreement. Use the Material Events form and process indicated below.	Section 3.2(j)
CMF Projects not completed by the Project Completion Date	If the Recipient fails to achieve Project Completion by the date set forth in Schedule 1 of the Assistance Agreement (five years after the Effective Date), the Recipient shall notify the CDFI Fund in writing of this failure by no later than <b>thirty (30) days</b> after the Project Completion date set forth in Schedule 1 of the Assistance Agreement. Use the Material Events form and process indicated below.	Section 3.2(k)
Environmental Review	The CDFI Fund only requires submission of the Environmental Review Notification Report if the Recipient cannot identify one or more Categorical Exclusions. (See the section on Environmental Requirements for more information). If the investment does not have a Categorical Exclusion or is normally one that would require an Environmental Impact Statement, the Recipient shall advise the CDFI Fund by submitting a Service Request <b>no later than ninety (90) days prior to committing CMF Award dollars to the Project.</b>	Section 6.12

Issue	Description	Assistance Agreement Section
	The process for completion of necessary assessments is likely to be lengthy, so Recipients are advised to allow significant time for this regulatory process.	
Mechanism for documenting establishment of affordability requirements	For any Project, the Recipient shall file the necessary deed restrictions, covenants running with the land, or other recordable mechanisms, as applicable, in accordance with 12 C.F.R. § 1807.400 <i>et seq.</i> , and the Recipient shall provide to the CDFI Fund evidence of any such filing, including any amendment thereof during the Affordability Period, within <b>thirty (30) days</b> of such filing or within 5 days of the information becoming available, whichever is later. Such documentation is submitted via a Service Request in AMIS. Select type select “General Inquiry” as the Record Type and CMF – Evidence of deed restriction/recordable mechanism as the Type.	Sections 5.2(g) and 5.3(k)
Material Events	The Recipient shall advise the CDFI Fund in writing, within <b>thirty (30) days</b> of the event and in reasonable detail, of any of the Material Events listed in Section 7.8. Such documentation is submitted via a Service Request in AMIS. Select type select “Change Request” as the Record Type and “Cross Program – Material Event” as the Type.	Section 7.8
Change in Executive Director (or equivalent) or change in employment status of assistance agreement signatory	If the Recipient proposes to change its executive director (or equivalent) or change the employment status of the signatory of this executed Assistance Agreement, the Recipient must first <u>notify the CDFI Fund in writing and receive approval from the CDFI Fund</u> for such change pursuant to 2 C.F.R. § 200.308(c)(1)(ii) of the Uniform Administrative Requirements. Use the Material Events form and process indicated above.	Section 9.9(b)

14.3 When and how must the Recipient notify the CDFI Fund of changes to Key Personnel, as outlined in Assistance Agreement Section 9.9(b)?

Section 9.9(b) of the Assistance Agreement states that Recipients must notify the CDFI Fund if the Executive Director or equivalent or the signatory of the Assistance Agreement has been replaced. Recipients should report within 30 days of when replacement occurs via a Certification of Material Events Form submission. Such forms are submitted via a service request in AMIS. Please select: Record Type = Change Request and Type = Cross Program – Material Event when creating the service request.

## 15. Compliance and Monitoring Contact and Reporting Requirements

15.1 Who should Recipients contact if a question is not addressed in this FAQ or in the CMF guidance on the CDFI Fund website?

The best method for submission of questions regard post-award matters is through AMIS Service Request. See the AMIS Training Guide: 2016 Capital Magnet Fund Recipients' Compliance Reporting Guidance –Section 6.12 for instructions on how to submit a Service Request.

15.2 What are the compliance reports Recipients must submit to the CDFI Fund, and when are they due?

Recipients are required to submit several reports to the CDFI Fund, in accordance with Schedule 1-B of the Assistance Agreement.

- **CMF Performance Report** (a single report including the Investment Period & Affordability Period Reports): three months after the end of each fiscal year
- **OMB Standard Form 425**: three months after the end of each fiscal year
- **Financial Condition Reports**: Annual Financial Audit (Not applicable for regulated financial institutions): six months after the end of each fiscal year
- **Single Audit Report** (if applicable): nine months after the end of each fiscal year

Recipients that are Certified CDFIs are reminded that under the requirement of that certification they must also submit the Annual Certification and Data Collection Report (ACR) to report on any changes to criteria supporting the organization's CDFI certification, as well as some additional organizational financial and other data.

Other reports such as the Environmental Review Notification Report, Material Events report, and other reporting may be required in certain circumstances.

The best way to find reporting deadlines for CDFI Fund compliance reports is through the Reporting Schedule in AMIS.

To access the **Reporting Schedule**:

1. Log into AMIS. <https://amis.cdfifund.gov/s/AMISHome>
2. Click on the **Reporting Schedule** tab.





**Figure 1. Reporting Schedule Home Page**

3. To view all reports, choose **ALL** in the drop down menu. Click on **GO**. A list of compliance reports that are due is displayed.

A   B   C   D   E   F   G   H   I   J   K   L   M   N   O   P   Q   R   S   T   U   V   W   X   Y   Z   Other   All							
Action	Reporting Schedule Name +	Compliance Report	Fiscal Year	Due Date	Days to Submit	Status	View Report Tab
Edit	<a href="#">RS-0007</a>	Certification Status Report	2015	6/30/2016	41	Pending Receipt	<a href="#">Organization</a>
Edit	<a href="#">RS-0008</a>	Performance Goals and Measures	2015	6/30/2016	41	Pending Receipt	<a href="#">View PG&amp;M Tab</a>
Edit	<a href="#">RS-0009</a>	Uses of FA	2015	6/30/2016	41	Pending Receipt	<a href="#">View Use of FA tab</a>
Edit	<a href="#">RS-0010</a>	Financial Statement Audit Report	2015	6/30/2016	41	Pending Receipt	<a href="#">Organization</a>
Edit	<a href="#">RS-0011</a>	A133 Audit Report	2015	6/30/2016	41	Pending Receipt	<a href="#">Organization</a>
Edit	<a href="#">RS-0012</a>	Shareholder Report	2015	6/30/2016	41	Pending Receipt	<a href="#">Organization</a>
Edit	<a href="#">RS-0013</a>	Shareholder Report	2016	6/30/2016	41	Pending Receipt	<a href="#">Organization</a>
Edit	<a href="#">RS-0014</a>	A133 Audit Report	2016	6/30/2016	41	Pending Receipt	<a href="#">Organization</a>
Edit	<a href="#">RS-0015</a>	Financial Statement Audit Report	2016	6/30/2016	41	Pending Receipt	<a href="#">Organization</a>
Edit	<a href="#">RS-0016</a>	Uses of FA	2016	6/30/2017	406	Pending Receipt	<a href="#">View Use of FA tab</a>
Edit	<a href="#">RS-0017</a>	Certification Status Report	2016	6/30/2017	406	Pending Receipt	<a href="#">Organization</a>
Edit	<a href="#">RS-0018</a>	Performance Goals and Measures	2016	6/30/2017	406	Pending Receipt	<a href="#">View PG&amp;M Tab</a>

**Figure 2. Reporting Schedule All List View**

Reporting schedules for each Recipient can also be located on Schedule 1-C of the Assistance Agreement. All report due dates are based on the Recipient’s fiscal year end date.

### 15.3 Where and how are compliance and monitoring reports submitted?

Financial and performance reporting schedules are contained in Schedule 1-C of your Assistance Agreement.

Reporting is completed through the AMIS platform. See the AMIS Training Guide: 2016 Capital Magnet Fund Recipients Compliance Reporting Guidance for more information on how to complete required reports.

#### 15.4 What information do I need to report on for the CMF Investment Period Performance Report?

Please see the Capital Magnet Fund Training Manual: 2016 Capital Magnet Fund Recipients' Performance Reporting Guidance for more detail on current project reporting requirements.

Please note that the Investment and Affordability Period reports have been merged into a single report in AMIS.

#### 15.5 Do Recipients pursuing Homeownership Affordable Housing Activities need to report on every individual property supported or financed with Eligible Project Costs?

Yes. Recipients pursuing Homeownership Affordable Housing Activities must report information on every property financed/supported, including the income-level of the supported unit and address. Please see the Capital Magnet Fund Training Manual: 2016 Capital Magnet Fund Recipients Performance Reporting Guidance for more detail on current project reporting requirements.

## 16. Unusual Compliance Situations

#### 16.1 What happens if funding has been disbursed to the Project and the Project is Placed into Service, but it fails before the end of the 10 Year Affordability Period?

If funding for a Project has been disbursed in whole or part, and that Project does not go forward or fails within the 10 Year Affordability Period, and as a result, the Recipient is unable to meet its Performance Goals (unit count, targeted income, leverage, etc.), on a case-by-case basis, the CDFI Fund may pursue any of the remedies set forth in the Recipient's Assistance Agreement. These remedies may include repayment of funds or the CDFI Fund may, at its discretion, allow a Recipient to cure the non-compliance without repayment of funds, or substitute the failed Project for another Project targeted to similar income levels and community needs. The CDFI Fund may consider new units with income limits, or existing units where affordability is added for a comparable time period as that lost due to the failed Project. At the CDFI Fund's discretion, such substitute units may be counted toward the Recipient's performance goals.

#### 16.2 What happens if a completed Project does not complete the 10-year Affordability Period?

The failure of a Project to meet the expected affordability or the failure of the Recipient to meet the portfolio-wide requirements at the time of Project Completion are events of non-compliance. Each event of non-compliance will be addressed in a manner determined on a case-by-case basis by the CDFI Fund. The Recipient must notify the CDFI Fund via a Material Events form notification within 30 days of the occurrence of the event.

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Do you have comments or suggestions on this resource? The CDFI Fund values your input through e-mails to [CMF@cdfifund.gov](mailto:CMF@cdfifund.gov).