



## **FY 2018 CDFI Program and NACA Program Technical Assistance Application Evaluation Process**

### **Introduction**

The application review policies and procedures that the CDFI Fund will utilize for Technical Assistance (TA) Applicants under the fiscal year (FY) 2018 CDFI Program and NACA Program funding rounds are described below and are based on the Notice of Funds Availability (NOFA) that was published in the Federal Register on January 31, 2018. The regulations governing the CDFI Program and NACA Program can be found in 12 C.F.R. Parts 1805 and 1815 and provide guidance on evaluation criteria and other requirements. Details regarding application content requirements can be found in the TA Application Guidance document and related materials.

This document outlines the application evaluation process for FY 2018 CDFI Program and NACA Program TA Applicants. The process described below is largely the same as that used in FY 2017 but is adjusted to reflect updates in the NOFA and the FY 2018 TA application.

The CDFI Fund reserves the right to modify these policies and procedures in future funding rounds, consistent with requirements specified in the applicable NOFA and related application materials.

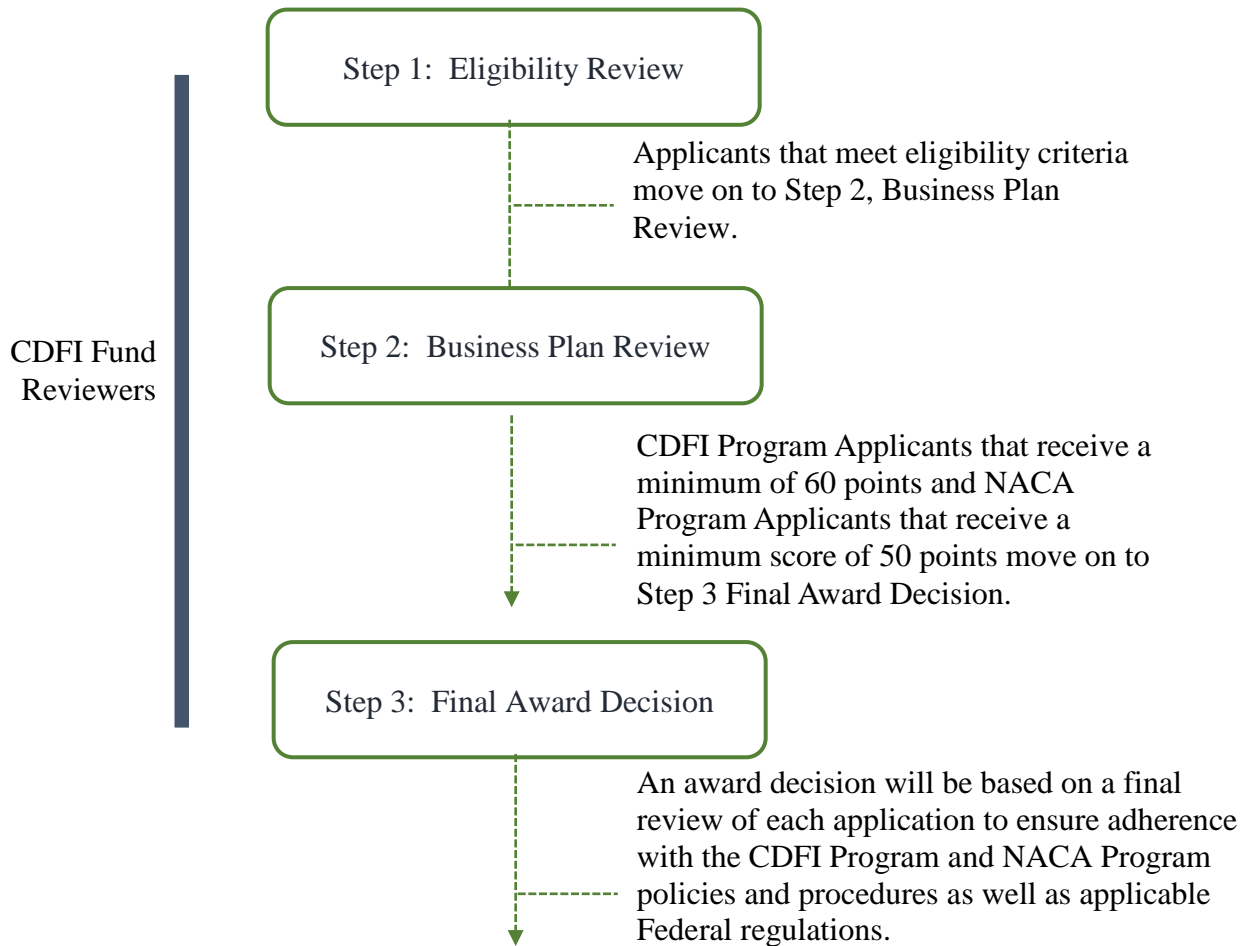
### **Application Reviewers**

TA applications will be evaluated by CDFI Fund staff. Staff reviewers must complete the CDFI Fund's conflict of interest screening. Staff reviewers must evaluate all applications in accordance with the CDFI Program and NACA Program's application evaluation guidance.

### **The Evaluation Process**

#### Overview

The TA application review process will consist of three steps: 1) Eligibility Review; 2) Business Plan Review; and 3) Final Award Decision. An Applicant will progress through each step based on its status as either a Certified CDFI or Uncertified CDFI. Please note that for purposes of this document the term Uncertified CDFI refers to and includes Certifiable CDFIs, Emerging CDFIs, and Sponsoring Entities (NACA Program only). CDFI Fund staff will complete all steps of the review process.



## The Evaluation Steps

### **Step 1: Eligibility Review**

The CDFI Fund reviews each TA application to ensure that it meets the eligibility requirements outlined in the CDFI Program or NACA Program NOFA, as applicable. Certain eligibility requirements are assessed automatically through the CDFI Fund's Awards Management Information System (AMIS). CDFI Fund staff conduct a follow-up eligibility review on all applications to ensure that all eligibility requirements are enforced. Applicants are not scored during the eligibility review, but are unable to proceed with the remainder of the application review process if deemed ineligible during this step. All Applicants that are deemed eligible proceed to Step 2, Business Plan Review.



## Step 2: Business Plan Review

The Business Plan Review consists of three sub-parts for Uncertified CDFI Applicants and two-sub-parts for Certified CDFI Applicants. Each component of the Business Plan Review will be reviewed and scored by CDFI Fund staff.

- 1) **Budget Review** for all Applicants
- 2) **Section I Review** for Uncertified CDFI Applicants
- 3) **Section II Review** for all Applicants

The CDFI Fund will evaluate each TA Application in the Business Plan Review section of the process on a 100 point scale (refer to Table 1 below). CDFI Program TA Applicants must receive a minimum of 60 points in the overall Business Plan Review to receive consideration for an award in Step 3, Final Award Decision. NACA Program TA Applicants must receive a minimum of 50 points in the overall Business Plan Review to receive consideration for an award in Step 3, Final Award Decision.

<b>Table 1. TA Business Plan Review Scoring Criteria</b>		
<b>TA Application Sections</b>	<b>Uncertified CDFI</b>	<b>Certified CDFI</b>
<b>Section I:</b>		
Primary Mission	15 points	N/A
Financing Entity	15 points	N/A
Target Market	15 points	N/A
Accountability	15 points	N/A
Development Services	15 points	N/A
<b>Section II:</b>		
Organization Overview	5 points	20 points
Management and Staff	5 points	20 points
Community Coordination	5 points	20 points
Financial Performance	5 points	20 points
Organizational Impact	5 points	20 points
<b>Total TA Business Plan Score</b>	<b>100 points</b>	<b>100 points</b>

### 1) Budget Review (All Applicants)

The first part of the Business Plan Review is the Budget Review which is conducted for all TA Applicants. CDFI Fund staff will review each requested TA line item, including the corresponding justification narrative. Through the Budget Review, CDFI Fund staff will ensure that each requested TA line item is an eligible use of TA funds as well as gain an understanding of how each TA line item contributes to building the capacity of the organization to meet its strategic goals. The Budget Review is not scored.

### 2) Section I Review (Uncertified CDFI Applicants)

Through the Section I Review, conducted for Uncertified CDFI Applicants only, CDFI Fund staff will evaluate each Uncertified applicant's plan to achieve CDFI certification within three years (four years for NACA Program Sponsoring Entities) as outlined in its Section I narrative responses. If an Applicant is a prior TA recipient, the CDFI Fund will evaluate its plan to



achieve certification by the date set forth in the Assistance Agreement for the prior TA award. Specifically, Applicants will be evaluated on their plan to meet five of the seven required certification criteria including:

- Has a primary mission of promoting community development;
- Is a financing entity;
- Primarily serves one or more target markets;
- Maintains accountability to its defined target market; and
- Provides development services in conjunction with its financing activities.

The points in Section I will be allocated based on a 75 point scale. Uncertified CDFI Applicants must achieve a minimum score of 35 points in Section I in order to advance to the Section II Review.

CDFI Fund staff reviewers will use the evaluation criteria included in Table 2 below to complete the Section I Review.

<b>Table 2. Section I Evaluation Criteria</b>	
<b>CDFI Certification Requirements</b>	<b>General Reviewer Guidance</b>
Primary Mission	<ul style="list-style-type: none"> <li>• Does the Applicant's current or proposed Financial Products and Financial Services support the Applicant's primary mission of community development?</li> <li>• Does the Applicant provide evidence that it primarily serves or will serve low-income, distressed, and/or underserved people or communities?</li> </ul>
Financing Entity	<ul style="list-style-type: none"> <li>• Based on the information provided, is the Applicant's predominant business activity the provision of Financial Products, Development Services, and/or other similar financing?</li> <li>• Evaluate how the Applicant's organizational structure, including employees, significant volunteer positions, and consultants support its existing or proposed financing activities.</li> </ul>
Target Market	<ul style="list-style-type: none"> <li>• Does the Applicant serve or intend to serve one or more Investment Areas and/or Targeted Populations (that meet the CDFI Fund's Target Market criteria)?</li> <li>• Does the Applicant demonstrate that becoming a certified CDFI will increase the organization's capacity to address the needs and challenges of its current or proposed Target Market?</li> </ul>
Accountability	<ul style="list-style-type: none"> <li>• Does the Applicant demonstrate that it maintains or intends to maintain accountability to its current or proposed Target Market through board representation?</li> </ul>
Development Services	<ul style="list-style-type: none"> <li>• Does the Applicant demonstrate that it provides or plans to provide development services that support its Financial Products?</li> </ul>



### 3) Section II Review (All Applicants)

Through the Section II Review, conducted for all TA Applicants, CDFI Fund staff will evaluate each Applicant's strategic goals; qualifications and capabilities of management and key staff; partnerships; financial performance; and organizational impact. CDFI Fund staff will consider each Applicant's Section II narrative responses as well as the data provided in the application in AMIS.

There is no set minimum score that Uncertified CDFI Program applicants must achieve in the Section II Review in order to advance to Step 3, Final Award Decision. The minimum score will be the difference between the overall Business Plan Review minimum score of 60 for Uncertified CDFI Program applicants and each applicant's Section I score. On the other hand, NACA Program Uncertified CDFI applicants must achieve a minimum of 15 points in Section II in order to advance to Step 3, Final Award Decision.

Certified CDFI applicants will not receive a Section I review and will move directly from the Eligibility Review to the Section II component of the Business Plan Review. CDFI Program Certified CDFI applicants must achieve a minimum of 60 points in Section II in order to advance to Step 3, Final Award Decision. NACA Program Certified CDFI applicants must achieve a minimum of 50 points in order to advance to Step 3.

CDFI Fund staff reviewers will use the evaluation criteria included in Table 3 below to complete the Section II Review. Please note that Table 3 also indicates which general reviewer guidance is applicable for each TA Applicant type.

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**Table 3. Section II Evaluation Criteria**

General Reviewer Guidance	Certified	Uncertified		
		Certifiable	Emerging	Sponsoring Entity
Do the Applicant’s strategic goals address organizational sustainability as well as Target Market needs and challenges?	X	X	X	X
Evaluate the Sponsoring Entity’s plan to create a separate legal entity and to support an emerging CDFI in achieving CDFI certification within the required timeframes.				X
Does the Applicant demonstrate that its financial products, financial services, and development services meet the specific needs and challenges of its Target Market?	X			
Evaluate the impact of the Applicant’s financial products, financial services, and development services in its Target Market.	X			
Does the Applicant demonstrate that its management and key staff have the necessary experience and expertise to carry out its strategic goals?	X	X	X	X
Evaluate the Applicant’s current and/or proposed work with other organizations to provide comprehensive services to its Target Market.	X	X	X	X
Does the Applicant demonstrate that it has a plan for obtaining the necessary private and public financial support in order to achieve its strategic goals?	X	X	X	X
Evaluate the Applicant’s financial health and portfolio quality to ensure a minimum financial and portfolio health.	X	X	X	X
Evaluate the Applicant’s organizational milestones and progress toward achieving its strategic goals. If the Applicant is a prior TA recipient, evaluate how it used its TA funds to achieve its strategic goals.	X	X	X	X
Does the Applicant identify risks to its operations based on projections and provide mitigation strategies?	X	X	X	X



### **Step 3: Final Award Decision**

The final step of the TA application review process is the Final Award Decision conducted by the Selecting Official and Reviewing Official, if applicable. The Final Award Decision step does not include a scoring component.

The Selecting Official will review all CDFI Program TA applications with a score of 60 points or more and all NACA Program TA applications with a score of 50 points or more. The Selecting Official ensures adherence with the CDFI Program's policies and procedures as well as applicable Federal regulations. The Selecting Official also reviews a variety of compliance, eligibility, due diligence, and regulatory matters. This due diligence includes an analysis of programmatic and financial risk factors including, but not limited to, financial stability, history of performance in managing Federal awards (including timeliness of reporting and compliance), reports and findings from audits, and the Applicant's ability to effectively implement Federal requirements. For Uncertified TA Applicants, the CDFI Fund will also evaluate the Applicant's ability to meet certification criteria of being a legal entity and a non-government entity.

Based upon the due diligence performed, the Selecting Official has the authority to agree or disagree with the initial award recommendation. If the Selecting Official disagrees with the initial award recommendation, the review will be sent to a Reviewing Official to provide a final decision. The Selecting Official or Reviewing Official, if necessary, will approve award determinations based on the CDFI Program and NACA Program's FY 2018 appropriation, the FY 2018 NOFA, and the program regulations. TA applications that are approved by the Selecting Official or Reviewing Official, if applicable, based on the final due diligence conducted in this step, will be ranked based on application scores from highest to lowest and funded until available funding is depleted. Upon approval by the Selecting Official or Reviewing Official, if applicable, CDFI Program and NACA Program TA awards are deemed final.