



## FY 2021 CDFI Program and NACA Program Technical Assistance Application Evaluation Process

### Introduction

This document details the evaluation process for Technical Assistance (TA) Applications received under the Fiscal Year (FY) 2021 CDFI Program and NACA Program funding rounds. Capitalized terms not defined herein shall have the meaning specified in the applicable FY 2021 Notice of Funds Availability (NOFA).

The evaluation process described below is outlined in the FY 2021 NOFAs and is governed by the CDFI Program regulations (12 C.F.R. 1805 and 1815). Details regarding the TA Application content and requirements can be found in the NOFAs and related guidance materials, and those resources should be used in conjunction with this document.

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

### Reviewers

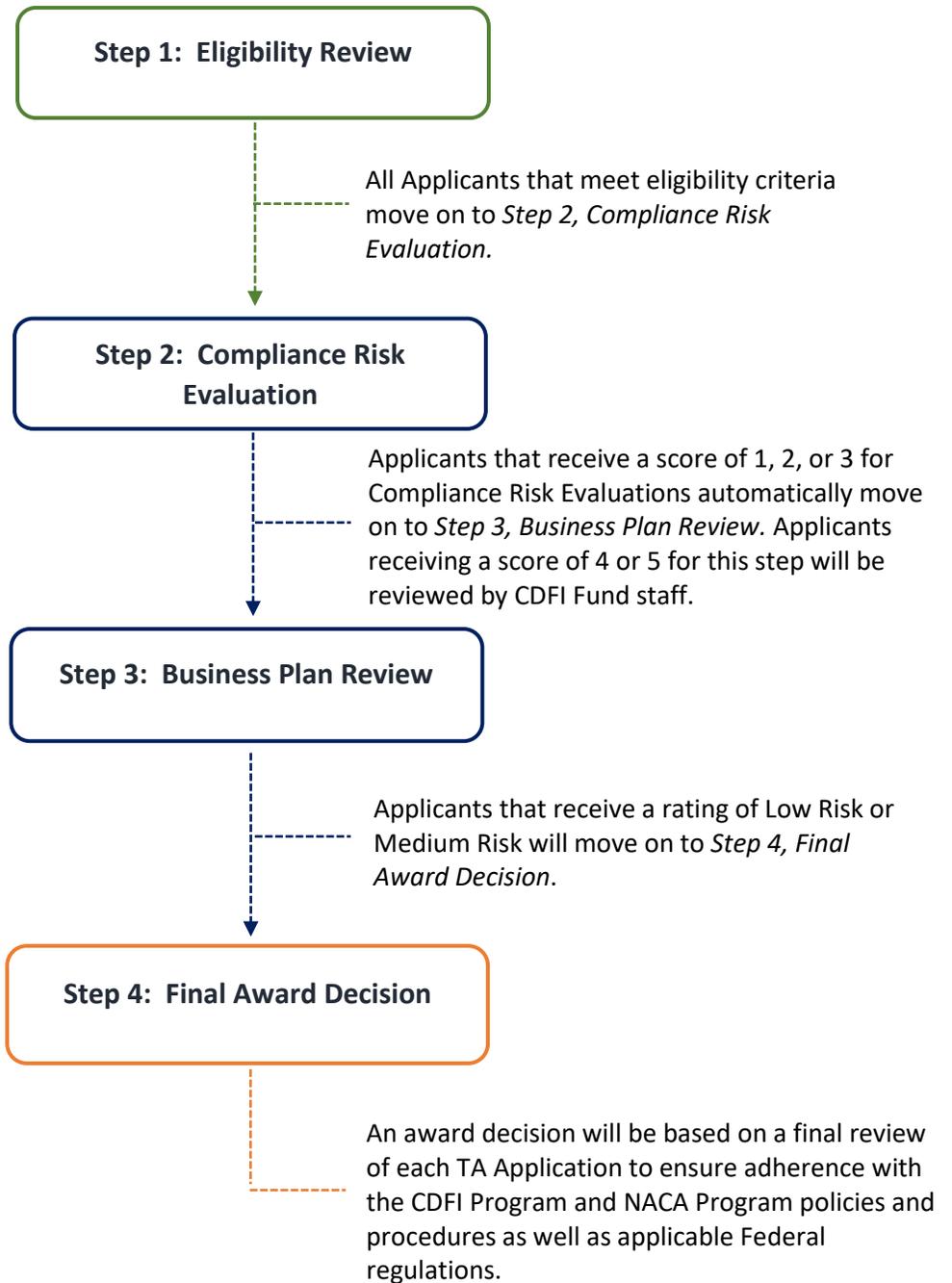
TA Applications will be evaluated by CDFI Fund staff. Staff reviewers must complete the CDFI Fund's conflict of interest screening. Staff reviewers must evaluate all TA Applications in accordance with the CDFI Program and NACA Program's policies and procedures.

### The Evaluation Process

The application evaluation and award selection process includes four steps:

- Step 1: **Eligibility Review**, conducted by CDFI Fund staff.
- Step 2: **Compliance Risk Evaluation**, conducted by the Application Assessment Tool (AAT) and CDFI Fund staff.
- Step 3: **Business Plan Review**, conducted by CDFI Fund staff.
- Step 4: **Final Award Decision**, conducted by CDFI Fund staff.

**Chart 1. How Applicants Move through the Review Steps**



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

The CDFI Fund evaluates each Application to determine if it meets the eligibility requirements listed in the CDFI Program NOFA or NACA Program NOFA. Certain eligibility requirements are assessed automatically through the CDFI Fund's Awards Management Information System (AMIS). Applicants are not scored during this review but are unable to proceed if deemed ineligible during this step. All Applicants deemed eligible proceed to **Step 2**.

All Applicants should pay particular attention to NOFA requirements regarding the use of their correct DUNS/EIN numbers in Grants.gov, their SF-424, and their AMIS profile, as errors here can result in an Applicant being deemed ineligible. Additionally, each Regulated Institution TA Applicant must have a CAMELS/CAMEL rating (rating for banks and credit unions, respectively) or equivalent type of rating by its regulator (collectively referred to as "CAMELS/CAMEL rating") of at least "4". TA Applicants with CAMELS/CAMEL ratings of "5" will not be eligible for awards.

### **Step 2: Compliance Risk Evaluation**

The CDFI Fund evaluates each Application using compliance information provided by the Applicant. The initial evaluation is done by an automated tool developed by the CDFI Fund, the Application Assessment Tool (AAT), and, in some cases, additional review is conducted by CDFI Fund staff to ensure accuracy.

To produce a Total Compliance Composite Score, the AAT uses responses provided by each Applicant in the compliance questions, as well as an Applicant's reporting history, reporting capacity, and performance risk with respect to the CDFI Fund's Performance Goals and Measures (PG&Ms). The purpose of this evaluation is to ensure Applicants do not have major internal management or compliance concerns.

Each Application will receive a Total Compliance Composite Score on a scale of one (1) to five (5), with one (1) being the highest rating. Applicants must receive a Total Compliance Composite Score of one (1), two (2), or three (3) to advance to **Step 3**. Applicants that receive an initial Total Compliance Composite Score of four (4) or five (5) will be given a manual review by CDFI Fund staff based upon standard evaluation guidance. If the Applicant is deemed a high compliance risk after the CDFI Fund staff review, the Applicant will not advance to Step 3.

### **Step 3: Business Plan Review**

The Business Plan Review consists of two sections for Uncertified CDFI Applicants:<sup>1</sup> Application Sections I and II. CDFI Fund staff will review and score these two sections in the Business Plan Review for Uncertified CDFI Applicants. Certified CDFI Applicants complete only Application Section II and CDFI Fund staff will review and score that section in the Business Plan Review.

For each applicable section of the Business Plan Review, each TA Application will be assigned an overall rating of Low Risk, Medium Risk, or High Risk. Uncertified Applicants must receive a rating of Low Risk or Medium Risk in the Section I Review in order to advance to the Section II Review. Uncertified Applicants that receive a rating of High Risk in the Section I Review will not advance to the Section II Review, and will not receive further consideration for an award. All Applicants must receive a rating of Low Risk or Medium

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<sup>1</sup> Note that Sponsoring Entities (under the NACA Program only) are considered Uncertified for the purpose of completing, and being evaluated on, both Section I and Section II of the TA Application.

Risk in the Section II Review in order to advance to **Step 4**, Final Award Decision. Applicants that receive a rating of High Risk in the Section II Review will not move forward to Step 4, and will not receive further consideration for an award.

The CDFI Fund will rate each part of the Business Plan Review as indicated in Table 1 below:

**Table 1: Technical Assistance Business Plan Review**

Technical Assistance Business Plan Review		
Business Plan Review Component	Applicant Type	Ratings
<b>Section I:</b>		
Primary Mission	Uncertified Applicants	Low Risk, Medium Risk, or High Risk
Financing Entity		
Target Market		
Accountability		
Development Services		
<b>Section II:</b>		
Target Market Needs & Strategy	Uncertified & Certified Applicants	Low Risk, Medium Risk, or High Risk
Organizational Capacity		
Management Capacity		

**1) Section I Review (Uncertified CDFI Applicants)**

During the Section I Review, CDFI Fund staff will evaluate each Uncertified CDFI 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, CDFI Fund staff 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 the following five of the seven required certification criteria:

- 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.

Uncertified CDFI Applicants must receive a rating of Low Risk or Medium Risk in the Section I Review in order to advance to the Section II Review. Visit the CDFI Fund’s website to learn more about the [CDFI Certification](#) process.

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

**Table 2. Section I Evaluation Criteria**

Section I Evaluation Criteria	
CDFI Certification Requirements	General Reviewer Guidance
<b>Primary Mission</b>	<ul style="list-style-type: none"> <li>• Does the Applicant's current or proposed Financial Products and/or 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>
<b>Financing Entity</b>	<ul style="list-style-type: none"> <li>• Based on the information provided, is the Applicant's predominant business activity the provision of Financial Products and/or other similar financing?</li> </ul>
<b>Target Market</b>	<ul style="list-style-type: none"> <li>• Does the Applicant serve or intend to serve one or more Investment Areas and/or Targeted Populations?</li> </ul>
<b>Accountability</b>	<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>
<b>Development Services</b>	<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>

## **2) Section II Review (All Applicants)**

During the Section II Review, CDFI Fund staff will evaluate each TA 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 other data provided in the Application.

Uncertified CDFI Applicants that progress to the Section II Review and Certified CDFI Applicants must receive a rating of Low Risk or Medium Risk in the Section II Review in order to advance to Step 4, Final Award Decision.

CDFI Fund staff reviewers will use the evaluation criteria included in Table 3 below to complete the Section II Review.

**Table 3. Section II Evaluation Criteria**

Section II Evaluation Criteria	
Evaluation Areas	General Reviewer Guidance
<b>Target Market Needs &amp; Strategy</b>	<ul style="list-style-type: none"> <li>• Do the Applicant’s strategic goals effectively address organizational sustainability as well as Target Market needs and challenges?</li> <li>• Evaluate the Applicant’s progress toward achieving its strategic goals.</li> <li>• If the Applicant is a prior TA recipient, evaluate how it used its TA award(s) to achieve its strategic goals.</li> <li>• Evaluate the Applicant’s impacts in its Target Market.</li> <li>• Evaluate the Applicant’s current and/or proposed work with other organizations to increase resources for its Target Market.</li> </ul>
<b>Organizational Capacity</b>	<ul style="list-style-type: none"> <li>• Does the Applicant demonstrate that the requested TA award will build its capacity to serve its Target Market and achieve CDFI certification, if applicable?</li> <li>• For NACA Program Sponsoring Entity Applicants, 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 timeframe.</li> <li>• Evaluate the Applicant’s financial health and portfolio quality to ensure minimal financial safety and soundness.</li> <li>• Does the Applicant demonstrate that it has a plan for obtaining the necessary financial support to achieve its strategic goals?</li> <li>• Does the Applicant identify risks and corresponding mitigation strategies related to its ability to expend the requested TA award and achieve its strategic goals?</li> </ul>
<b>Management Capacity</b>	<ul style="list-style-type: none"> <li>• Does the Applicant demonstrate that its management and key staff have the necessary experience and expertise to carry out its strategic goals and effectively use the requested TA award?</li> </ul>

**Step 4: Final Award Decision**

During this last step, the CDFI Fund will review all TA Applications to ensure adherence with the CDFI Program’s policies and procedures as well as applicable Federal regulations. The CDFI Fund will also review 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), audit or regulator findings, and the Applicant’s ability to effectively implement Federal requirements. For Uncertified TA Applicants, the CDFI Fund will also consider the Applicant’s ability to meet certification criteria of being a legal entity and a non-government entity, and achieve Certification by the deadline.

Based upon the due diligence performed, the CDFI Fund will approve award determinations based on the CDFI Program and NACA Program FY 2021 appropriation, the FY 2021 NOFA, and the program regulations. All TA Applications that are approved in this step will be funded. Upon approval, CDFI Program and NACA Program TA awards are deemed final. Awards may be less than the amount requested, but no more than the amount requested.