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FY 2022 CDFI ERP SUPPLEMENTAL FREQUENTLY ASKED QUESTIONS

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CDFI Equitable Recovery Program (CDFI ERP) Application

CDFI FUND  
U.S. DEPARTMENT OF THE TREASURY

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Note: The FY 2022 CDFI ERP Supplemental Frequently Asked Questions document was originally released on August 17, 2022 and an updated version was released on September 9, 2022. Notable revisions in the updated version are highlighted.

## Introduction

The Community Development Financial Institutions Fund (CDFI Fund) is publishing this Supplemental Frequently Asked Questions (FAQ) document to answer additional commonly asked questions about the CDFI Equitable Recovery Program (CDFI ERP) Application.

Applicants are strongly encouraged to review all of the Application Materials on the CDFI Fund's website. Applicants should read the CDFI ERP Notice of Funds Availability (NOFA) for eligibility, key deadlines and other requirements. Capitalized terms not defined herein shall have the meaning specified in the CDFI ERP NOFA, Application, or CDFI ERP Glossary (Glossary).

## Applicant Eligibility

### **A. How does an Applicant determine if it is an Affiliate of another CDFI that is a potential CDFI ERP Applicant under the CDFI Fund's definition of Affiliate?**

*Answer:* The CDFI ERP Glossary defines Affiliate as "any company or entity that Controls, is Controlled by, or is under common Control with another company." The Glossary defines Control or Controlling as "1) Ownership, control, or power to vote 25 percent or more of the outstanding shares of any class of Voting Securities of any company, directly or indirectly or acting through one or more other persons; 2) Control in any manner over the election of a majority of the directors, trustees, or general partners (or individuals exercising similar functions) of any company; or 3) Power to exercise, directly or indirectly, a controlling influence over the management, credit or investment decisions, or policies of any company."

Affiliate status is determined based on these definitions. Please consult with your organization's legal counsel as necessary to make a determination regarding whether separate organizations within your organizational family meet the CDFI Fund's definition of Affiliate.

### **B. Can an Applicant provide reviewed financial statements in place of audited financial statements?**

*Answer:* No, reviewed financial statements are not an allowable alternative to audited financial statements. In order to be eligible to apply for a CDFI ERP Award, Non-Regulated CDFIs must have audited financial statements for their two most recent historic fiscal years. However, if the audit for the Applicant's most recent historic fiscal year will not be complete as of the AMIS Application submission deadline, the Applicant must instead have audited financial statements for its two historic fiscal years prior to the most recent historic fiscal year. Regulated CDFIs are exempt from this requirement.

### **C. If an Applicant has less than a five-year operating track record, how will that impact its eligibility for a CDFI ERP Award?**

*Answer:* Applicants may still be eligible to apply if they have less than a five-year operating track record, as long as they meet all Eligibility criteria outlined in Section III of the CDFI ERP NOFA. In determining whether 30% of an Applicant's Financial Products closed and Grants made in the past five years have been located in ERP-Eligible Geographies, the CDFI Fund will consider the Applicant's entire operating history if the operating history is less than the five-year track record period.

## Geographic Eligibility

**D. ERP-Eligible Geographies are based on 2010 Census Tracts and data. Will the CDFI Fund be moving to 2020 Census Tracts and data at some point?**

*Answer:* The CDFI Fund does not plan to transition the ERP-Eligible Geographies data set to the 2020 Census Tracts. During the Period of Performance, Recipients will report on activity performed in ERP-Eligible Geographies as they were published by the CDFI Fund concurrent to the release of the FY 2022 CDFI ERP NOFA. Final requirements with respect to the allowable data sources will be outlined in the Assistance Agreement.

**E. The FY 2022 CDFI ERP NOFA states that one of the Applicant eligibility requirements is that at least 30% of an Applicant's average annual Financial Products closed and Grants made (dollar volume and number of transactions) in its five most recent historic fiscal years were in ERP-Eligible Geographies. Must the Applicant meet the 30% threshold for each year in its five most recent historic years?**

*Answer:* Table 3 of the FY 2022 CDFI ERP NOFA includes the following language: "Applicant has at least 30% of its average annual Financial Products closed and Grants made (both in dollar volume and number of transactions) in ERP-Eligible Geographies over its five most recent historic fiscal years." The average annual calculation is a cumulative calculation made over the five most recent historic years. It is not required that the Applicant meet the 30% threshold in each year of its five most recent historic fiscal years. For assistance with calculating this figure, please see the Applicant Eligibility worksheet in the CDFI ERP Application Tables Workbook, available on the ERP page of the CDFI Fund's website.

**F. In completing the Applicant Eligibility Data Table in the CDFI ERP Application, which address should the Applicant use to determine if a business or project is located in an ERP- Eligible Geography?**

*Answer:* For the purpose of determining whether a particular transaction is located in an ERP-Eligible Geography, Applicants must use the address of the business or project location at the time the Financial Product was originated or the Grant was awarded.

**G. In determining Applicant eligibility for a CDFI that lends to or invests in other CDFIs or conducts other types of intermediary lending, how should the intermediary CDFI determine whether its transactions were located in ERP-Eligible Geographies?**

*Answer:* Applicants that are intermediary lenders may use one of two approaches, based on their existing data collection protocols. The first acceptable approach is to use the headquarters addresses of their direct borrowers/investees (i.e. CDFIs and other community development lenders). The second acceptable approach is to trace its funding through CDFIs/community development lenders directly to the ultimate businesses/individuals supported by the intermediary's funding, and use the address of these businesses/individuals. Under this second approach, the intermediary must have documentation supporting that its funding to the ultimate businesses/individuals met the eligibility threshold for transactions in ERP-Eligible Geographies.

**H. Are federally-designated tribal service counties or service areas considered eligible Native Areas for the purposes of CDFI ERP? Are these areas included in the Native Areas data layer in CIMS?**

*Answer:* Yes, the CDFI Fund has determined that loans made to tribal members, tribal businesses, and businesses owned or controlled by tribal members located in federally-designated tribal service areas, would meet the CDFI ERP's definition for being located in a Federal American Indian Reservation (and thus would be in an eligible Native Area). Note, this determination only applies to Financial Products closed or Grants made to tribal members' tribal businesses, or businesses owned or controlled by tribal members within the federally-designated service areas. It does not apply to all Financial Products closed or Grants made within a tribe's federally-designated service area.

Businesses owned or controlled by tribal members are: (a) A for-profit entity that has at least 51 percent of its equity ownership (or the equivalent in limited liability companies) interest owned by tribal members, and (b) A not-for-profit entity with at least 51 percent of its Board of Directors (i.e. Governing Board) comprised of tribal members.

Note, tribal service areas or service counties are not available as part of the Native Areas layer in the CIMS database. Applicants seeking to count Financial Products and Grants to tribal members in service counties or service area for the purposes of determining CDFI ERP eligibility should rely on their own records of the location of the transaction and relevant tribal membership information.

## Geocoding

**I. To complete the CDFI ERP Application and for Award reporting, how should CDFIs determine if a transaction is located in an ERP-Eligible Census Tract in situations where**

**there is a single borrower/investee/grantee with multiple locations (e.g. a business with multiple locations or a scattered site housing project)?**

*Answer:* When calculating the dollar amount of the transaction that is attributable to ERP-Eligible Geographies, an Applicant should prorate the dollar amount across the multiple site locations. If the transactions included a specific cost allocation to a different site, it can use this cost allocation when doing the proration. Otherwise, assume an equal portion of the transaction is allocated to each site. For example, CDFI A makes a \$1 million loan to ABC Housing to support scattered site home rehabilitation at 10 sites in three census tracts. If the transaction documents do not make specific allocations to certain sites, CDFI A would simply attribute \$100,000 to each site.

If 50% or more of the dollar value of the transaction is attributable to ERP-Eligible Geographies, this transaction can be considered as being located in an ERP-Eligible Geography for the purposes of reporting the number of transactions that have been located in ERP-Eligible Geographies.

**J. For the purposes of completing the Applicant Eligibility Table, Table B and Table D in the CDFI ERP Application, each of which requires an aggregation of an Applicant's track record, will the CDFI Fund permit the use of statistically valid random sampling?**

*Answer:* The CDFI ERP will not allow the use of random sampling methodology to meet the CDFI ERP eligibility requirement that at least 30% of the prospective Applicant's average annual Financial Products closed and Grants made in its five most recent historic fiscal years, both in terms of dollar volume and number of transactions, was in ERP-Eligible Geographies. Guidance on how to use the Bulk Address Geocoding tool in AMIS is available on the CDFI ERP page of the CDFI Fund's website at [https://www.cdfifund.gov/sites/cdfi/files/2022-07/CDFI ERP Bulk Address Geocoding AMIS Training Manual Final.pdf](https://www.cdfifund.gov/sites/cdfi/files/2022-07/CDFI%20ERP%20Bulk%20Address%20Geocoding%20AMIS%20Training%20Manual%20Final.pdf).

## Calculation of Track Record

**K. CDFI ERP Application Question 11d asks, "Did the Applicant increase the dollar volume and/or the number of transactions of its Financial Products closed and Grants made in ERP-Eligible Geographies in the two years that followed March 2020, as compared to the three years that preceded March 2020?" What calculations and analyses should the Applicant perform to determine this?**

*Answer:* An Applicant should use a method that allows an equivalent comparison of the two time periods, such as changes in annual or quarterly volume between the two time periods presented in the question.

- L. When calculating whether an Applicant meets the requirement that 30% of transactions in the last five years have been in ERP-Eligible Geographies, should renewed loans, lines of credit and loan purchases be included?**

*Answer:* In calculating the percentage of the dollar volume and number of transactions of your track record in Financial Products closed and Grants made in the five most recent historic fiscal years in ERP-Eligible Geographies, all transactions that meet the definition of Financial Products in the CDFI ERP Glossary are admissible for inclusion.

## Eligible Activities

- M. Does the cost for salary and benefits of personnel providing Development Services or Financial Services count as an operational support activities expense, or against the 25% limit on the use of the CDFI ERP Award for Development Services and Financial Services?**

*Answer:* The cost for salary and benefits for personnel providing Development Services and Financial Services may be paid for out of the portion of the CDFI ERP Award that a Recipient intends to use for Development Services and Financial Services. Please note that using the Award for Development and Financial Services will require CDFIs to track the race/ethnicity of the recipients of Development and Financial Services and whether recipients of those services are located in ERP-Eligible Geographies.

- N. Please define "On-Balance Sheet Grants." Does this term refer to grants a CDFI makes with its own funds? Would this include pass-through grants and/or grants made in a servicer or administrator capacity?**

*Answer:* "On-Balance Sheet Grants" and "Grants made" in the CDFI ERP Application refer to Grants a CDFI makes with its own funds. It does not include pass-through grants or grants made in a servicer or administrator capacity.

- O. Should forgivable loans be classified as loans or grants?**

*Answer:* Applicants should classify forgivable loans consistent with how their internal accounting policies record forgivable loans. If the Applicant's forgivable loans are included in the Applicant's Gross Loans Receivable (or similar line item) on its financial statements, the Applicant should classify these forgivable loans as loans. Otherwise, the Applicant should classify the forgivable loans as grants.

Note, in either scenario, for reporting on the CDFI ERP, the forgivable loan should be reported only in one category (loans or grants) and only once for each transaction, at the time of origination. See also FAQ #DD to understand how forgivable loans are treated in relation to Target Market requirements in order to maintain CDFI Certification.

**P. FY 2022 CDFI ERP NOFA states, "Recipients must deploy 90% of funds for program activities in the ERP-Eligible Geographies." How does this relate to operational support activities? How does this apply to Development Services, Financial Services, Capital Reserves, and Loan Loss Reserves?**

*Answer:* The requirement that 90% of a Recipient's CDFI ERP Award be used for program activities in ERP-Eligible Geographies does not apply to operational support activities, as defined in Section II of the CDFI FY22 ERP NOFA. This requirement applies to the portion of the Recipient's Award not used for operational support activities.

Other than operational support activities, the 90% requirement will be measured for individual eligible activities. For Financial Products and Grants, 90% of the dollar volume of Financial Products and/or Grants must be deployed to projects/individuals/businesses that are located in ERP-Eligible Geographies. For Financial Services and Development Services, 90% of the clients who receive Financial Services and/or Development Services must be located in ERP-Eligible Geographies. Ninety Percent (90%) of the Financial Products supported by Loan Loss Reserves and Capital Reserves must be provided in ERP-Eligible Geographies. The amount of Financial Products supported by Loan Loss Reserves must be based on a reasonable potential loss rate, supported by documentation. The amount of Financial Products supported by Capital Reserves must at least equal the amount of the ERP Award used for Capital Reserves.

**Q. If a CDFI ERP Award Recipient uses a CDFI ERP Award for Loan Loss Reserves or Capital Reserves, what is the requirement for tracking and reporting on the lending activity supported by those Reserves?**

*Answer:* If the Recipient uses its CDFI ERP Award for Loan Loss Reserves or Capital Reserves, the Recipient will be required to track and report on Financial Products supported with those Reserves. Ninety Percent (90%) of the Financial Products supported by the Loan Loss Reserves must be directed to ERP-Eligible Geographies. The amount of Financial Products supported by the Loan Loss Reserves must be based on a reasonable potential loss rate, supported by documentation. Ninety Percent (90%) of the equivalent amount of the Award that is used for Capital Reserves must be directed in Financial Products to ERP-Eligible Geographies.

Additionally, the policy priority selected in ERP Application Question 12 will be measured based on the activity supported by those Reserves. Reporting requirements for activities supported by CDFI ERP funded Reserves will be the same as required for Financial Products and/or Grants made with CDFI ERP Award funds.

**R. Can an intermediary lender (i.e., a CDFI who lends to other CDFIs) implement its selected policy priority in the CDFI ERP Application Question 12 by imposing restrictions on the CDFIs they fund with a CDFI ERP Award?**



*Answer:* A Certified CDFI that is an intermediary may place restrictions on funding provided with a CDFI ERP Award to other CDFIs. If the intermediary CDFI intends to achieve its selected policy priority through loans made by the funded CDFIs, it should plan to collect data on these loans made by the funded CDFIs and report them to the CDFI Fund as part of its CDFI ERP reporting requirement.

**S. Can an intermediary lender count Financial Products closed and Grants made to a Minority-controlled CDFI towards its track record in CDFI ERP Application Question 11b.ii and 11c.ii and towards the PG&M for the policy priority in CDFI ERP Application Question 12b?**

*Answer:* If the CDFI meets the definition of a Minority-owned or Controlled business (see Supplemental FAQ Question **VV**), then an intermediary lender may count Financial Products closed and Grants made to a Minority-controlled CDFI toward both its track record in CDFI ERP Application Question 11b.ii and 11c.ii and towards the PG&M for the policy priority in CDFI ERP Application Question 12b.

## Policy Priorities

**T. What are the CDFI ERP policy priorities? If we can achieve multiple policy priorities, which one should we select?**

*Answer:* The CDFI ERP policy priorities are listed Section I, Part C of the FY 2022 CDFI ERP NOFA and in Question 12 of the FY 2022 CDFI ERP Application Instructions, both of which are available on the CDFI Fund's website at [www.cdfifund.gov/erp](http://www.cdfifund.gov/erp). As noted on page 38 of the FY 2022 CDFI ERP Application Instructions, "Applicants must select one and only one of the five policy priorities." There is no preference between the policy priorities.

**U. For the policy priority in CDFI ERP Application Question 12a, "Indicate the percentage of CDFI ERP Award dollars the Applicant will commit to Low- or Moderate-Income Majority Minority Census Tracts that are also ERP-Eligible Geographies," is the commitment to expend a percentage of the Award in census tracts that are in both Low- or Moderate-Income Census Tracts AND Majority Minority Census Tracts or in either Low- or Moderate-Income Census Tracts OR Majority Minority Census Tracts?**

*Answer:* The commitment for the policy priority in CDFI ERP Application Question 12a is to expend a percentage of the Award in census tracts that are both Low- or Moderate-Income Census Tracts AND Majority Minority Census Tracts that are also ERP-Eligible Geographies.

Applicants may use two tools to determine which Geographies meet these three geographic criteria:

- In the FY 2022 Equitable Recovery Program List of Eligible Geographies, available on the CDFI Fund’s website at [www.cdfifund.gov/erp](http://www.cdfifund.gov/erp), filter “Yes” for each of the following three columns: Column D (CDFI ERP-Eligible Geography), Column F (Low- or Moderate-Income – Less than or equal to 120% AMI), and Column H (Majority Minority - Greater than or equal to 50% minority). The resulting Census Tracts listed in Column A, meet all three geographic criteria for this policy priority.
- On the ERP page of the CIMS mapping tool, select the following two combinations of data layers:
  - Combination 1: ERP-Eligible Census Tracts; Majority Minority Census Tract; and Low- or Moderate-Income Census Tract
  - Combination 2: 2010 IA Eligible Native Area; Majority Minority Census Tract; and Low- or Moderate-Income Census Tract
 Areas that overlap in either of these two combinations of data layers meet all three geographic criteria for this policy priority.

**V. If an Applicant selects the multiplier policy priority (i.e., CDFI ERP Application Question 12e) and its actual Award amount is less than the amount requested, how will the PG&M be calculated?**

*Answer:* The PG&M will be calculated as follows: the multiplier calculated in the Application, which is based on the requested Award amount, will be applied to the actual Award amount.

## Audited Financial Statements and Financial Data

**W. If an organization with FYE 12/31 does not yet have a completed audit for the fiscal year ending 12/31/21, what is considered its most recent historic fiscal year? How will its historic fiscal years appear in the Tables in AMIS?**

*Answer:* If an Applicant has a 12/31 fiscal year end (FYE), the CDFI ERP Application will treat FY 2021 as its most recent historic fiscal year per Section II B of the NOFA, regardless of whether an audit has been completed for the fiscal year ending 12/31/21. Such Applicants should enter their unaudited FY 2021 financial data into the Historic Year 1 column in Table G of Appendix 6. However, if the audit for an Applicant’s most recent historic fiscal year (as of 12/31/21) is not complete as of the due date of the AMIS Application, the Applicant must have audited financial statements for its two historic fiscal years prior to the most recent historic fiscal year in order to be eligible to apply for the CDFI ERP.

**X. FY 2022 CDFI ERP NOFA indicates that all Applicants must have audits for the two most historic fiscal years in order to be able to be eligible to apply. Are Regulated Institutions**

**required to provide audits or are Call Reports submitted as part of the required attachments to the Application sufficient?**

*Answer:* Pursuant to the amendment to the CDFI FY2022 ERP NOFA issued on July 15, 2022, a Regulated Institution that files Call Reports to its regulator is exempt from the requirement to have audits in order to be Eligible to apply for a CDFI ERP Award. Regulated Institutions are required to attach Year-end Call Reports for their three most recent historic fiscal years prior to the publication date of the NOFA in Appendix 9 of their Application submission in AMIS.

**Y. Should the Financial Data Inputs in Appendix 6 encompass only CDFI ERP Award-related projections or all of the CDFI's projected activity over the next three years?**

*Answer:* The Financial Data Inputs table projections should encompass all of the CDFI's projected activity over the next 3 years, not just the CDFI ERP activity.

## Application Attachments

**Z. For the Organizational Charts, should we submit proposed and existing organizational charts, or only proposed organizational charts?**

*Answer:* Submit both existing and proposed organizational charts if you are proposing to add positions or make organizational changes to manage a CDFI ERP Award. If you are planning to manage your CDFI ERP Award through the existing staffing/organizational structure, a current organizational chart is sufficient.

## Award Restrictions

**AA. Can you use a CDFI ERP Award alongside Bank Enterprise Award (BEA), Capital Magnet Fund (CMF), Bond Guarantee Program (BGP) or New Market Tax Credit (NMTC) Awards?**

*Answer:* Each of these programs have restrictions on the eligible use of funds related to other programs. CDFI ERP funds will be subject to the restrictions that each of these programs places on using their program funds alongside other CDFI Fund Programs. Please see the relevant guidance materials for each specific program (BEA, CMF, BGP, or NMTC) for additional information. Section IV.G(a) of the CDFI ERP NOFA states, "Financial Products and expended Award funds used to satisfy the CDFI ERP PG&Ms for reporting may not also be used to satisfy PG&Ms for CDFI Program and Native American CDFI Assistance (NACA) Program awards, the Small Dollar Loan Program or the CDFI Rapid Response Program."

**BB. How will a CDFI ERP Award impact a CDFI's ability to meet its CDFI and NACA Program Financial Assistance (FA) Award Objectives?**

*Answer:* The CDFI may not count any of its CDFI ERP Award activities towards meeting its FA Objectives. Proposed CDFI ERP activity should be in addition to any activity required to meet PG&Ms under existing CDFI FA Awards.

## Certification

**CC. My organization wants to use the CDFI ERP Award to expand our current grant making program. Can grant making activity count as a Target Market-directed Financial Product for CDFI Certification purposes?**

*Answer:* No. The CDFI Fund does not allow grant making as a Financial Product or allow grant making to count towards Financing-Related Activities in connection with the CDFI Certification Financing Entity requirements, unless otherwise noted. CDFI ERP Award Recipients must continue to meet CDFI Certification requirements by serving their approved Target Market(s) using allowed Financial Products as defined by the CDFI Fund.

**DD. My organization will use the CDFI ERP Award to expand our current grant making program. What effect will it have on the organization's CDFI Certification status?**

*Answer:* Depending on the amount of grant making conducted, the expansion of grant making activity may impact an entity's ability to meet the CDFI Certification Financing Entity criterion related to an organization's predominant business activity. The Financing Entity criterion dictates that a Certified CDFI must dedicate the predominance of both its assets and its staff time to the direct provision of Financial Products and/or Financial Services. Predominance does not require a majority, but occurs when an amount is the greatest as compared to all other amounts. Grant making activity typically cannot be counted towards meeting the CDFI certification Financing Entity predominance requirement. However, under the current CDFI Certification policies, for grant making supported with only CDFI ERP Award funds, the CDFI Fund will allow the CDFI assets and staff time dedicated to such grant making to count towards meeting the CDFI Certification Financing Entity predominance requirements.

Additionally, please be aware that forgivable loans made under the CDFI ERP, whether classified as grants or loans by the organization, may not count towards a CDFI's Target Market requirement unless pre-approved by the Office of Certification Policy and Evaluation.

The Certified CDFI must continue to track and report changes to the Financing Entity requirement through the Annual Certification and Data Collection Report (ACR). ACR reporting guidance will be provided at a later date. CDFI ERP Award Recipients must continue to meet all

other CDFI Certification requirements based on its non-grant-making activity, including the 60% Target Market activity requirement.

## Required Data Collection

**EE. FY2022 CDFI ERP NOFA states, “The CDFI Fund intends to require Recipients to collect and report data on the race and ethnicity of borrowers and/or beneficiaries of the [CDFI ERP].” Will this apply to all types of eligible activities under the CDFI ERP? Will CDFIs be required to collect this data for all of their lending/investment activities or only those activities funded or supported with CDFI ERP?**

*Answer:* With the exception of operational support activities, CDFI ERP Award Recipients will be required to collect and report race/ethnicity data for all eligible activities in the CDFI ERP. For Financial Products and Grants that are funded or supported by the CDFI ERP Awards, reporting will entail providing data about borrowers and recipients of loans, investments, and Grants. For Financial Products and/or Grants supported by a Loan Loss Reserve or Capital Reserve funded with a CDFI ERP Award, reporting will include all recipients of loans, investments and grants supported by these Reserves. For Financial and Development Services, reporting will include race and ethnicity data of recipients of those services.

**FF. In reporting activities under a CDFI ERP Award, what is meant by beneficiaries?**

Beneficiaries are the “end users” of certain types of facilities (such as community facilities, medical facilities, rental housing and commercial real estate). Tracking and reporting of race data for beneficiaries would be in addition to tracking race data on borrowers. Further guidance on how to collect and report on this data will be issued by the CDFI Fund. Final data collection requirements will be outlined in the Assistance Agreement and reporting guidance.

**GG. The Applicant has not historically collected racial or ethnic data on our borrowers. Can an Applicant use proxy data on race/ethnicity for the purposes of completing its track record sections of the CDFI ERP Application?**

*Answer:* If the Applicant does not currently collect racial or ethnic data on borrowers, it should not retroactively use proxy information for the purposes of completing the track record section in the Application. When completing the Application, the Applicant should note it has not historically collected this information, where applicable. In particular, when completing Tables B and D, follow this guidance:

- Appendix 1, Table B – “Financing Activity”: The Applicant should enter its data about its individual borrowers in row 4 (“Individuals for whom race and/or ethnicity is unknown”) and business and nonprofit borrowers in row seven (“Businesses or nonprofits for whom owner(s)’s or board members’ race and/or ethnicity is unknown”). Please note

that the time period for reporting in Table B is the Applicant's most recent historic fiscal year only.

Appendix 3, Table D – "CDFI ERP Track Record Table": Rows 3, 6, 20 and 26 request information about historical Financial Products closed or Grants made to Minority individuals or Minority-owned or Controlled businesses. The Applicant should enter zero(es) in the fields in these rows if they do not have the requested data available. See definition of "Minority-owned or Controlled business" in FAQ # VV below.

**HH. Question 13(d) of the CDFI ERP Application asks the Applicant what data it intends to collect on its loans/investments/grants. If the Applicant does not indicate that it plans to track race/ethnicity data in this question, will it still be required to do so?**

*Answer:* The requirement to track race and ethnicity of the borrowers, investees and grantees will be applied to all CDFI ERP Recipients. The CDFI Fund's Application review will include an evaluation of an Applicant's plan to track and report a variety of demographic data, which should include race and ethnicity in order to meet the reporting requirements set forth in the CDFI ERP NOFA.

## [SAM.gov, SF-424 and Grants.gov](#)

**II. My organization received a notice that SAM.gov is delayed in reactivating/confirming its account. Will this prevent my organization from submitting a CDFI ERP Application? Will my organization be able to obtain an extension?**

*Answer:* The CDFI Fund will evaluate any late submission request on a case-by-case basis, as outlined in Section IV of the NOFA. If you have received notification that there has been a federal government administrative delay in activating your SAM.gov account and this delay is not resolved in time for you to successfully submit your SF-424, please submit a Service Request (SR) in AMIS. In the SR, provide the date of original SAM.gov submission, a copy of the notification, and the completion status of your application. CDFI Fund staff will review the documentation and make a determination.

## [Application Review](#)

**JJ. In Section I of the NOFA and Question 11 of the CDFI ERP Application, is the list of the seven (7) track record criteria in descending order of importance or preference, or are these weighted the same?**

*Answer:* Section I, Part C of the FY 2022 CDFI ERP NOFA states: "In further pursuit of the program objectives, the CDFI ERP will prioritize Applicants with a track record of: (1) making

loans, grants, or investments in Low- or Moderate-Income Minority communities that are also ERP-Eligible Geographies; (2) making loans, grants, or investments to Minorities that have significant unmet capital or financial services needs; (3) making loans, grants, or investments in Persistent Poverty Counties, Native Areas, and/or U.S. Territories; (4) making loans, grants, or investments to small businesses with less than \$1 million in annual gross revenue or to Small Farms, with an emphasis on small businesses with less than \$100,000 in annual gross revenue; (5) increasing lending in ERP-Eligible Geographies; (6) creating new Financial Products and Grants to support ERP-Eligible Geographies; and (7) expanding into previously unserved ERP-Eligible Geographies.”

The first four of the seven criteria listed have equal priority and are outlined in Questions 11b and 11c of the CDFI ERP Application Instructions. The Application Question Tips for each of these two questions state: “The Applicant’s score will be based on the highest percentage of the eight responses provided in Q.11b and Q.11c.”

The other three criteria listed (i.e., numbers five through seven) are addressed in Questions 11d, 11e, 11f, and 11g of the Application. These three criteria are evaluated separately from the first four criteria and are weighted less than the responses submitted in response to Q.11b and Q.11c.

**KK. Is any policy priority in CDFI ERP Application Question 12 favored over another?**

*Answer:* As noted on page 38 of the FY 2022 CDFI ERP Application Instructions, “The CDFI Fund has no preference between any of the listed priorities.” Each of the five policy priorities will receive equal weight in the scoring of Applications.

**LL. For Non-Regulated Applicants that have not completed FY 2021 audited financial statements, which fiscal years will be evaluated for financial health?**

*Answer:* Non-Regulated Applicants with 6/30, 9/30 and 12/31 fiscal year end dates who do not yet have completed audited financial statements for FY 2021 will be evaluated based on unaudited financial statements for FY 2021 and audited financial statements for FY 2020 and FY 2019.

## Award Request and Determination

**MM. If an organization has less than five years of lending history, how will its maximum CDFI ERP Award amount be calculated?**

*Answer:* In Table 3 “Eligibility Requirements for All CDFI ERP Applicants,” the NOFA states that the maximum CDFI ERP Award amount an Applicant may request is no more than three times its average on-balance sheet Financial Products closed in its five most recent historic fiscal years or \$15 million, whichever is less. For Applicants with fewer than five years of lending history,

the AMIS application will calculate the average based on the total amount of activity over the last five years and divide by five. For example, if an Applicant closed a total of \$5 million in Financial Products in the last three complete fiscal years and had no activity, the AMIS Application will still divide the total amount of activity (\$5 million) by five to calculate an average of \$1 million in activity per year. This annual volume will be multiplied by three, meaning the maximum award this Applicant can request is \$3 million.

**NN. In Appendix 2, Table C of the FY 2022 CDFI ERP Application, Applicants are asked to provide projections for expenditure of the CDFI ERP Award over the five-year Period of Performance. If an Applicant does not receive the requested amount, how will this affect its projections?**

*Answer:* The projections provided in Appendix 2, Table C of the Application will be used to create an initial payment schedule that aligns with the Applicant's proposed strategy. If an Award amount is less than the amount requested, the initial payment amount will remain the amount projected for year one. If operational circumstances change, a Recipient may request a revised payment amount at the time its Assistance Agreement is planning to be executed.

**OO. Where can I find more information about how CDFI ERP Award determinations will be made?**

*Answer:* Information about award determination process is provided in Section V of the NOFA.

## Performance Goals & Measures (PG&Ms)

**PP. Will a loan/Grant made by a CDFI ERP Award Recipient count towards its selected policy priority in the CDFI ERP Application Question 12, even if it is not located in an ERP-Eligible Geography?**

*Answer:* It depends on the policy priority selected in response to ERP Application Question 12. The five policy priority options are: (a) Finance activities in Low-or Moderate Income Majority Minority Census Tracts that are also ERP-Eligible Geographies, (b) Finance Minority individuals or Minority-owned or Controlled businesses, (c) Finance activities in Persistent Poverty Counties, Native Areas and/or U.S. Territories, (d) Finance small businesses with less an \$1 million in annual gross revenue or Small Farms, with a preference for businesses with gross revenue under \$100,000, and (e) increase the dollar volume of Financial Products closed and Grants made in ERP-Eligible Geographies. Applicants must select one and only one policy priority and this policy priority will become a PG&M in the Assistance Agreement.

Activities that are located outside of ERP-Eligible Geographies may count towards the achievement of policy priorities (b), (c), and (d). Only activities in ERP-Eligible Geographies will count towards achieving policies priorities (a) and (e). Regardless of the policy priority selected,



the CDFI ERP Award Recipient must ensure that at least 90% of program activities financed or supported by their CDFI ERP Award are located in ERP-Eligible Geographies.

**QQ. Will CDFI ERP Applicants have a PG&M related to increased lending in ERP-Eligible Geographies?**

*Answer:* PG&Ms for each Recipient will be determined based on its proposed commitments relative to the CDFI ERP policy priority it selects in its Application. As a result, a Recipient will only have a PG&M related to increased lending activities if it selects the policy priority in Question 12(e) of the CDFI ERP Application, which is the PG&M that is related to increased lending in ERP-Eligible Geographies. If an Applicant were to select one of the other four policy priorities in ERP Application Question 12, it will not also have a PG&M related to increasing its dollar volume of Financial Products closed and Grants made in ERP-Eligible Geographies over the five-year Period of Performance.

**RR. Is the timeframe for CDFI ERP reporting limited to the time it takes to deploy the funds, or will Recipients be required to continue reporting for the full five-year period? For example, if a Recipient deploys the funds in year one, will it be required to continue reporting in years two through five?**

*Answer:* Recipients that deploy their CDFI ERP Award and achieve their PG&Ms before the end of the five-year Period of Performance may request an early closeout of their Assistance Agreement, provided that all required reporting is submitted and demonstrates the use of all CDFI ERP Award funds per the terms set out in the Assistance Agreement. No additional reporting will be required once the Assistance Agreement is closed-out.

## Reporting

**SS. If a CDFI has received a CDFI Financial Assistance Award and a CDFI ERP Award and makes two, separate transactions to the same project (e.g., a grant and a loan, or senior debt and subordinate debt), can these transactions be allocated separately to CDFI ERP and CDFI-FA Awards when reporting if they go to the same project?**

*Answer:* According to the NOFA, Section 4G(a), CDFI ERP Award funds used to satisfy the CDFI ERP PG&Ms may not also be used to satisfy PG&Ms for CDFI and NACA programs. In the event that a single project receives multiple Financial Products and/or Grants in separate transactions from a CDFI ERP Recipient, each transaction must be reported separately as a separate transaction in the TLR to the CDFI Fund and allocated to different award programs (e.g. CDFI ERP and CDFI-FA). Each transaction reported in the TLR may only be allocated to one award program.

**TT. Can a CDFI ERP Award be used to make grants to borrowers to cover financing fees (e.g. loan origination fees, points, servicing fees, etc.)?**

*Answer:* Grants, as an Eligible Activity, may be used to cover reasonable and customary financing fees charged by third parties unaffiliated with the Applicant. However, CDFI ERP Award Recipients cannot use CDFI ERP Award funds to make Grants to pay for financing fees charged by the Recipient, or any of its Affiliates. See below for examples illustrating this principle.

Allowable Example: The Recipient is providing Grants to an affordable housing development. The developer would like to use some of the grant proceeds to pay for financing fees from unaffiliated third party lenders.

Unallowable Example: The Recipient is providing a mortgage to a homebuyer. It typically charges a 1% origination fee to cover the cost of underwriting the mortgage. The Recipient would like to use the CDFI ERP Award to make a grant to the borrower to cover this origination fee. This is not an allowable way to use CDFI ERP Award for Grants. If the Recipient would like to use CDFI ERP Award funds for this purpose, it will need to use Award funds it has allocated for operational support activities. In this scenario, the Applicant could waive the origination fee for the borrower and use the operational support funds to cover the cost of underwriting the mortgage.

Additional information on allowable uses of Grants, as an Eligible Activity, will be outlined in the Assistance Agreement.

**UU. We would like to offer a line of credit or make a working capital loan to an affordable housing developer to support their operations, rather than a specific affordable housing project. What address do we use to determine if they are located in an ERP-Eligible Geography?**

*Answer:* If the Recipient provides a Financial Product to a developer to support the developer's operations rather than a specific project, the Applicant should use the address of the developer's office headquarters to determine if it is in an ERP-Eligible Geography.

**VV. For the purposes of the CDFI ERP, what is a Minority-owned or Controlled business?**

*Answer:* For the purposes of the CDFI ERP, a Minority-owned or Minority-controlled entity is a:

- a. Minority-owned for-profit entity: A for-profit entity that is not a Minority Depository Institution (MDI) and that has at least 51 percent of its equity ownership (or the equivalent in limited liability companies) interest being owned by individuals who identify themselves as Minorities;

- b. Minority-controlled not-for-profit entity: A not-for-profit entity with at least 51 percent of its Board of Directors (i.e. Governing Board) comprised of individuals who identify themselves as Minorities
- c. Are Minority Depository Institutions (MDIs)