Capital Magnet Fund (CMF)

Compliance Monitoring Frequently Asked Questions (FAQs)

All capitalized terms in the document are defined in the Interim Rule (effective June 25, 2024), the former Interim Rule (effective February 8, 2016), respective NOFAs, Assistance Agreements, and/or Application Instructions.

Updated: June 2025

This resource addresses common questions about implementation of a CMF Award and compliance with CMF Program rules as presented in official documents. Users should refer to the Housing and Economic Recovery Act of 2008, the Interim Rule (effective June 25, 2024), the former Interim Rule (effective February 8, 2016), the Post Award Policy and Compliance Manual, and/or the Assistance Agreement for specific obligations for each applicable award year. Other rules and regulations also apply to CMF Awards. As applicable, new questions to this version can be identified by a [New] marker at the beginning of a question, and updated questions will have an [Updated] marker.

1 Commitments and Disbursements

1.1 What is required to commit a CMF Award? What documents should we retain to evidence the CMF Award is Committed for Use? What is needed to evidence a Project Commitment?

Beginning with the FY 2024 Awards, all CMF Awards are subject to a two-step commitment process. This policy was established as part of the Interim Rule (effective June 25, 2024). Prior CMF Awards from years FY 2016 to FY 2023 are not subject to the two-step commitment process and follow the terms of the former Interim Rule (February 8, 2016) and the applicable Assistance Agreement.

The Capital Magnet Fund's Interim Rule (effective June 25, 2024) describes a two-step Commitment process involving a Commitment of the CMF Award: 1) for an Eligible Use and 2) to specific Projects. The Commitment requirements outlined in 12 CFR § 1807.501 include requirements related to both the form of Commitment and how a Commitment to an Eligible Use and a Project Commitment must be met.

Committed for Use

The Recipients of Awards made in FY 2024 and subsequent Awards shall demonstrate a Commitment of CMF Award funds for Eligible Use(s) as set forth in Section § 1807.501 of the Interim Rule by adopting a written Commitment for Use document, such as through a resolution of the board of directors or other authorized official documentation, no later than the Committed for Use date(s) set forth in the Recipient's Assistance Agreement. The Recipient must also maintain in its CMF Award files a written copy of the memo or adopted resolution. The Commitment for Use document should specify the Eligible Uses (from those that have been approved in the Recipient's Assistance Agreement), the Commitment for Use Date listed in Section 3.2(h) of the Assistance Agreement, and the amount and date that the CMF Award funds were committed to Eligible Uses.

Project Commitment

The Recipient must evidence a Project Commitment with a written, legally binding agreement to invest in a Project by providing the CMF Award to a qualifying Family, developer, Homeownership Program, or Project sponsor in which:

a) Construction on real estate can reasonably be expected to start within 12 months of the Project Commitment date; or
b) Property title on real estate will be transferred within six months of the Project Commitment date; or
c) Construction schedule on real estate ensures Project Completion within five years from the Effective Date in the Assistance Agreement; or
d) The Recipient has entered into a Secondary Market Mortgage Purchase agreement with a third-party lender to Purchase the qualified mortgages, and the subject mortgages would not otherwise have been originated by the third-party lender absent that agreement; or

e) A Commitment for a qualified Homeownership Program has been made by the action of the Recipient's board of directors; or
f) The Recipient has entered into a Loan Guarantee agreement or has established a cash reserve, escrow, or accounting-based accrual reserve with a lender or investor for a Loan Loss Reserve.

Examples of supporting documentation include a construction schedule or documentation setting forth the anticipated construction start date. Preferably, the Recipient will provide a statement directly in the Project Commitment agreement, such as a reference to the construction schedule, which demonstrates the Project will be completed within five years from the Effective Date in the Assistance Agreement.

Form of a Project Commitment

- **Written Commitment to a Counterparty:** Recipients must be able to demonstrate that the CMF Award has a Project Commitment to each Project through a written, legally binding agreement to provide CMF financial assistance to a third party. Each Project Commitment shall specify the amount of CMF Award allocated to a specific Project and be dated no later than the applicable Project Commitment Date. The third party in a written Commitment must be a developer, Project sponsor, qualifying Family, and/or borrower for the Project. An Affiliate of the Recipient is considered a third party if it is a separate legal entity from the Recipient. Commitment to a Homeownership Program is considered a Project Commitment.
- **Alternative Form of Commitment if No Counterparty:** The CDFI Fund issued an Interim Rule (effective June 25, 2024) that, in very limited circumstances, provides an alternate method for demonstrating the CMF Award is Committed if there is no third party involved in the transaction. Section 4.3 of the Assistance Agreement describes the conditions for which an alternative form of Commitment may be used. See Section "Commitment: Alternative form of Project Commitment if there is no counterparty" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for guidance on this topic.

- **Recommended Language:** Per Section 3.4(d)(3) of the Assistance Agreement, as the Recipient completes written Project Commitments, the CDFI Fund recommends that the Project Commitment document include language allocating CDFI Fund Award dollars to Eligible Project Costs.

Commitment Deadlines

For FY 2024 and subsequent Awards, the following deadlines apply:
The relevant commitment dates are listed in Schedule 1 of the applicable Assistance Agreement. Recipients are required to meet the relevant Committed for Use date and Project Commitment date listed in their Assistance Agreement.

For Prior Awards (FY 2016 to FY 2023), the following deadline apply:
The relevant commitment dates are listed in Schedule 1 of the applicable Assistance Agreement. Recipients are required to meet the relevant Committed for Use date listed in their Assistance Agreement.

1.2 [Updated] Can a Commitment to a Project be withdrawn once it is issued and reported to the CDFI Fund?

See Section "Commitment: Commitment Revisions/Change in Project Commitment" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for guidance on this topic.

1.3 [Updated] Is it an event of noncompliance if a Commitment to a Project is withdrawn after the disbursement of CMF Award dollars to a Project? If so, can the Recipient cure the noncompliance?

See Section "Commitment: Commitment Revisions/Change in Project Commitment" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for guidance on this topic.

1.4 [Updated] What should a Recipient do if it fails to commit all of the CMF Award to Eligible Uses by the Committed for Use Date? What if it fails to meet the Project Commitment requirements?

The Recipient must advise the CDFI Fund using the Material Event Form via a Service Request in AMIS within 30 days of their failure to comply with their Commitment for Use Date as this constitutes a Material Event. Pursuant to Section 3.2(h) of the Assistance Agreement, the CDFI Fund shall recapture into the Capital Magnet Fund any amount of the CMF Award that has not been Committed for Use by the Recipient as of the date(s) specified in Schedule 1 of the Assistance Agreement. For Project Commitment requirements, see Section "Notification Requirements: Required Scenarios" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for guidance on this topic.

1.5 [Updated] How does a Recipient demonstrate a Project Commitment in cases where there is not a counterparty to an agreement?

See Section "Commitment: Alternative form of Project Commitment if there is no counterparty" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for guidance on this topic.

1.6 **[Updated]** Would the scenario, described in Question 1.5, be applicable when the Recipient is buying Housing and holding the homes in inventory during Rehabilitation, for sale to qualified Homebuyers?

See Section “Commitment: Alternative form of Project Commitment if there is no counterparty” of the CMF Post Award Policy and Compliance Manual available on CMF’s Compliance Resources and Reporting page for guidance on this topic.

1.7 **[Updated]** For a CMF Award being deployed as a Loan Guarantee, when are those dollars considered Committed and disbursed under the terms of the Assistance Agreement?

See Section “Eligible Use: Loan Guarantees” of the CMF Post Award Policy and Compliance Manual available on CMF’s Compliance Resources and Reporting page for guidance on this topic.

1.8 **[Updated]** How does the Recipient demonstrate Committed for Use as well as Project Commitment if it plans to use the CMF Award to establish a Loan Loss Reserve?

For FY 2024 and subsequent Awards, the Recipient can demonstrate Committed for Use of CMF Award funds to capitalize Loan Loss Reserves pursuant to § 1807.501 of the Interim Rule (effective June 25, 2024) by adopting a board resolution no later than the Committed for Use date(s) set forth in Section 3.2(h) of the Recipient’s Assistance Agreement and maintaining a written copy of the adopted resolution in its CMF Award files.

For all Awards, the Recipient will meet its Project Commitment Date (FY 2024 and subsequent Awards) or Commitment Date (FY 2016 to FY 2023) as set forth in the Assistance Agreement for CMF assistance in the form of a Loan Loss Reserve when the Recipient has established a cash reserve, escrow, or accounting-based accrual reserve with a lender or investor for a Loan Loss Reserve as well as a legally binding agreement to cover losses on loans, accounts, and/or notes receivable for an identified Project or multiple identified Projects.

See FAQ Question 1.1 for more information about Commitment requirements. The following outlines how a Recipient can demonstrate a Project Commitment when establishing a Loan Loss Reserve under different scenarios:

1. Loan Loss Reserves for loans when the reserve is pledged to a third party (including an Affiliate):

   The Project Commitment agreement must be in written form and made to a third party (including an Affiliate) when such a counterparty exists, following the standard requirements for Project Commitments. For CMF assistance in the form of a Loan Loss Reserve, the Project Commitment occurs when the Recipient enters into a legally binding agreement to use the CMF Award to cover losses on loans, accounts, and/or notes receivable for an identified Project or multiple identified Projects with an established cash reserve, escrow, or accounting-based accrual reserve with a lender.

2. Loan Loss Reserves for a Recipient's loans (not a Homeownership Program):
   If the Recipient is committing its CMF Award to a Loan Loss Reserve for loans made by the Recipient and is not using an Affiliate, the Recipient may evidence a Project Commitment via a resolution of its board of directors which describes the specific Project(s) or loans, accounts receivable, or notes receivable that may be reimbursed by a cash reserve, escrow, or accounting-based accrual reserve with a lender. Additional requirements for this board resolution can be found in Section 4.3 of the Assistance Agreement and Section "Commitment: Alternative form of Project Commitment if there is no counterparty" of the CMF Post Award Policy and Compliance Manual available on CMF's [Compliance Resources and Reporting](#) page for guidance on this topic.

3. Loan Loss Reserves for a Recipient's Homeownership Program:
   If the Loan Loss Reserves are used in support of Purchased Affordable Housing through a Homeownership Program, such as offering mortgage lending or down-payment assistance, the Recipient must evidence a Project Commitment via a resolution of the Recipient's board of directors for the collective Homeownership Program. This process will be used in the event the Project is not owned/sponsored by a limited partnership, limited liability company, or other separate legal entity. For purpose of evidencing Project Commitment for Affordable Housing Homeownership Programs, the Recipient's entire portfolio of Homeownership financed and/or supported with the CMF Award will be deemed a Homeownership Program. For purpose of evidencing Project Completion and Affordability Period monitoring, each CMF Unit of a Homeownership Program is considered a separate Project.

   All CMF Units which are supported by Loan Loss Reserves under the Homeownership Program are subject to all the standards and requirements of the CMF Program. Recipients are encouraged to form a separate reserve account restricted for the CMF-supported loans for ease of tracking.

1.9 **[Updated]** Must a Project Commitment be made to individual Homebuyers when financing for-sale Housing?

No. A Recipient has the option to complete Project Commitment agreements directly with homeowners; however, the Recipient may also establish a Homeownership Program and issue a Project Commitment to finance the Purchase of Housing for Homeownership.

Under the latter option, which is a more common approach, the Homeownership Program is used for purposes of Committing the CMF Award. In this case, the Recipient must Commit the CMF Award to a Homeownership Program by the Project Commitment Date specified in Section 3.2(h) of its

Assistance Agreement by the action of the Recipient's board of directors. For purpose of evidencing Project Completion and Affordability Period monitoring, each CMF Unit in a Homeownership Program is considered a separate Project.

The CDFI Fund encourages Recipients to request technical assistance from the CDFI Fund when establishing a Homeownership Program and issuing a Project Commitment to such a Homeownership Program to ensure the success of the program.

1.10 Does a certain percentage of the CMF Award need to be disbursed by the initial disbursement date in the Assistance Agreement?

No, a set percentage of the CMF Award does not need to be disbursed by the initial disbursement date in the Assistance Agreement. As long as at least $1 is disbursed to a project by the 3-year initial disbursement deadline, this requirement is considered satisfied; however, 100% of the Award must be disbursed by the Investment Period End Date (referred to as the Project Completion date in the former February 8, 2016 Interim Rule and FY 2016 to FY 2023 Assistance Agreements) specified by the Assistance Agreement.

2 Eligible Activities and Uses

2.1 What are the CMF Fund's approved Eligible Uses and eligible activities for CMF, and must a Recipient undertake each Eligible Use and eligible activity listed in the Assistance Agreement?

There is no requirement or expectation that Recipients undertake each eligible activity or Eligible Use approved in their Assistance Agreements. At a minimum, Recipients will deploy CMF Awards towards at least one approved Eligible Use and at least one approved eligible activity to achieve the Affordable Housing and/or Economic Development targets described in their Assistance Agreements.

Per the revised Interim Rule (effective June 25, 2024), the terms "Eligible Uses" and "eligible activities" were changed in the Assistance Agreement. The term "Eligible Uses" in § 1807.301 of the revised Interim Rule (effective June 25, 2024) now has the same meaning as the term "eligible activities" as was used in § 1807.301 in the former Interim Rule (February 8, 2016). Conversely, the term "eligible activities" now has the same meaning as the term "Eligible Uses." This change was made to ensure consistency of the use of the term in the Interim Rule and the authorizing statute.

Eligible Uses (i.e., "eligible activities" for FY 2016 – FY 2023 Awards) for CMF Awards include capitalizing Loan Loss Reserves (Housing and/or Economic Development), capitalizing a Revolving Loan Fund (Housing and/or Economic Development), capitalizing an Affordable Housing Fund (Housing only), capitalizing a fund to support Economic Development Activities (Economic

Development only), making Risk-Sharing Loans (Housing and/or Economic Development), and providing Loan Guarantees (Housing and/or Economic Development).

The following are eligible activities (i.e., “Eligible Uses” for FY 2024 and subsequent Awards): Homeownership Affordable Housing, Rental Affordable Housing, Economic Development Activities, Direct Administrative Expenses, and Feasibility Determination Expenses. Note that Feasibility Determination Expenses are only an Eligible Use available to FY 2024 and subsequent Awards.

2.2 May a Recipient use the CMF Award for any Eligible Use or eligible activity?

Recipients of CMF Awards are only approved for specific Eligible Uses and eligible activities identified in Schedule 1 of their Assistance Agreement. For example, if a Recipient is not approved for Economic Development Activities (EDA), then the Recipient will need to request approval from the CDFI Fund to capitalize a fund to support EDA. Please refer to Frequently Asked Questions 2.3 and 2.4 on how to request approval for an Eligible Use or eligible activity that is not currently approved.

2.3 How can a Recipient request approval from the CDFI Fund to undertake an Eligible Use or 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, the Recipient must submit a request to amend their Assistance Agreement. The CDFI Fund must provide approval before the Recipient can engage in the new Eligible Use or eligible activity. Approval of amendments to executed Assistance Agreements is granted only in limited circumstances. Please refer to Question 2.4 on the steps to submit an Amendment request.

2.4 [Updated] How does a Recipient request an amendment to its Assistance Agreement?

Assistance Agreement amendments will be approved only under limited circumstances. Please review the “CMF Program Amendments Guide and Intake Steps” available under the “General Compliance Resources” Section of the CMF Step 5: Compliance and Reporting webpage for guidance on eligible amendment requests and instructions on how to submit an amendment request.

2.5 Can the CMF Award be used to assist manufactured Housing communities and residents to Purchase their properties? What are the income verification requirements for assisting manufactured Housing communities/parks?

The CMF Award can be used to assist eligible residents in manufactured Housing communities with any eligible activities associated with Homeownership. Homeownership activities include Purchase assistance; Rehabilitation; acquisition; construction; conversion of rental Housing to

Homeownership; financing the Development, Purchase, or Preservation of a manufactured Housing community; and other related activities.

The income verification requirements are the same. All Homeownership activities financed or supported by the CMF Award must benefit a qualifying Family. See Q.7.11.

2.6 [Updated] Can a CMF Award be used to Purchase a mobile home park and manufactured Housing for sale?

See Section "Manufactured Housing" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for guidance on this topic.

3 Leveraging Requirements

3.1 What are Eligible Projects Costs and how are they determined?

Eligible Project Costs are defined in 12 CFR § 1807.104 and described in 12 CFR § 1807.500. Section 3.4 of the Assistance Agreement includes additional detail on Eligible Project Costs and Leveraged Capital ("Leveraged Capital" replaces the term "Leveraged Costs" starting with the FY 2024 Assistance Agreements) and has the most in-depth description of which costs are Eligible Project Costs. Eligible Project Costs must be attributable 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.

Recipients must calculate Eligible Project Costs for each Project. Typically, the Recipient will start with a complete list of the known total development costs (TDCs) for the Project at the time of Project Completion. From the final itemized list of TDCs, the Recipient must evaluate each line item to determine if the costs are Eligible Project Costs as set forth in Section 3.4 of the Assistance Agreement.

Tips for calculating Eligible Project Costs:

- Eligible Project Costs for a Project may not exceed the TDCs of the Project at the time of Project Completion. The only exception to this rule is when a Recipient uses the CMF Award for Loan Loss Reserves and Loan Guarantees, as these are not typically included as part of TDCs.

- While the CDFI Fund recognizes that Recipients and other investors may make separate loans and investments in different phases of Projects, for purposes of determining Eligible Project Costs paid for by the CMF Award and Leveraged Capital, Recipients will only count the final development cost. For example, funds borrowed as acquisition financing and subsequently replaced by a permanent loan to cover the same acquisition costs cannot both be counted as Eligible Project Costs.

3.2 How does the CDFI Fund determine overall leverage (at least 10 x CMF Award)?

Total Eligible Project Costs must be at least 10 times the amount of the CMF Award by the Investment Period End Date listed in the Assistance Agreement (also called the "Project Completion Date" under FY 2016 to FY 2023 Assistance Agreements). This leverage multiplier is calculated by the following formula:

$$\text{Overall Leverage} = \frac{\text{Eligible Project Costs invested in Completed Projects by the Investment Period End Date}}{\text{Amount of the CMF Award}}$$

The multiplier is measured on a portfolio basis across all Projects (i.e., the Recipient's CMF portfolio – not the Recipient's entire real estate portfolio). Because this is a portfolio test, the Recipient is NOT required to maintain a minimum leverage multiplier for each Project. In other words, the leverage multiplier for an individual Project may be higher or lower than 10, if the total leverage multiplier based on the total Eligible Project Costs for all Projects in the CMF Award portfolio is at least 10 times the amount of the CMF Award.

While Eligible Project Costs are reported and monitored by the CDFI Fund annually, compliance with the leverage goals is tested as of the Investment Period End Date in the Assistance Agreement.

Here are some examples to illustrate the calculation of Eligible Project Costs and overall leverage under different scenarios:

Example A: A CMF Recipient uses its $2 million CMF Award to support three Projects with total Eligible Project Costs of $20 million. Project A receives a $1 million in CMF Award investment and Eligible Project Costs of $8 million. Projects B and C each receive $500,000 in CMF Award investments and each has Eligible Project Costs of $6 million.

CMF Award = $2 M

Total Development Costs = $20 M

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

Overall Leverage Multiplier = 10 ($20 M in Eligible Project Costs / $2 M in CMF Award = 10)

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

Example B: A CMF Recipient combines its $1.5 million CMF Award with an additional $8.5 million in an Affordable Housing Fund, for a total of $10 million. The Affordable Housing Fund was invested in Projects that have a total of $12 million in Eligible Project Costs. These Projects are completed by the end of the second year of the Recipient's five-year Investment Period, and the Recipient decides to calculate the Overall Leverage Multiplier it has achieved so far.

CMF Award = $1.5 M

Total Development Costs = $12 M

Eligible Project Costs = $12 M

Overall Leverage Multiplier = 8 ($12 M in Eligible Project Costs / $1.5 M CMF Award = 8)

Since the Recipient's Eligible Project Costs (EPCs) are less than 10 times the CMF Award amount, this Recipient has NOT yet met the statutory 10:1 leverage requirement. The Recipient will need to generate additional EPCs; for example, by re-lending repaid CMF Award investments (Program Income) and additional Leveraged Capital to ensure it meets the portfolio-leverage requirements.

Example C: A CMF Recipient establishes a Loan Loss Reserve (LLR) using $1 million in CMF Award. This reserve will support $20 million in mortgages originated by the Recipient as a first loss reserve. Homebuyers contribute $600,000 in equity.

CMF Award = $1 M

Total Mortgage Debt Issued = $20 M

Homeowner Equity = $600,000

Total Development Costs (i.e., purchase price of the Housing) = $20 M + $600 K = $20.6 M

Eligible Project Costs = $1 M + $20M = $21.0 M

Overall Leverage Multiplier = 21.0 ($21.0 M in Eligible Project Costs / $1 M CMF Award = 21.0)

Since the Recipient's Eligible Project Costs in this example are 21.6 times the CMF Award amount, and 21.6 exceeds a multiplier of 10, this Recipient has met the statutory requirement by producing at least 10:1 leverage.

3.3 [Updated] How does the CDFI Fund determine overall leverage when there are income-restricted and market-rate units in the same building?

The costs of the market-rate units do not qualify as Eligible Project Costs, because Families in the market-rate units are not required to have an income of 120% AMI or lower, and the units are not subject to Affordability Period restrictions. Accordingly, the total development costs will be greater than the Eligible Project Costs. See Section "Eligible Project Costs: Prorating Eligible Project Costs" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for further guidance on this topic.

Example: There is only one Project in the CMF portfolio at the end of the second year of the Investment Period – a building that will have both income-restricted units and market-rate units. Two-thirds of the units are set aside for Eligible-Income Families and the other third are market-rate. All units are similar one-bedroom units, so there can be a simple proration of the costs between market-rate and Eligible-Income units.

CMF Award = $1.5 M

Total Development Costs = $15 M

Eligible Project Costs = $10 M ($15 M TDC x 2/3 proration of income-restricted units)

Overall Leverage Multiplier = 6.67 ($10 M in Eligible Project Costs / $1.5 M CMF Award = 6.67)

The Recipient's Eligible Project Costs are less than 10 times the CMF Award amount, so it has NOT met the overall statutory 10:1 leverage requirement. The Recipient will need to generate additional Eligible Project Costs to ensure it meets the statutory requirement; for example, by re-lending repaid CMF Award investments (Program Income) and additional Leveraged Capital to ensure it meets the portfolio-leverage requirements.

3.4 How does the CDFI Fund determine overall leverage when there are multiple phases in a Project?

The CDFI Fund recognizes only final costs at Project Completion and disregards intermediate-phase financing amounts.

Example: A Recipient uses $1 million of its CMF Award for a Project acquisition that costs $8 million. The other $7 million for acquisition comes from $1 million in owner's equity and $6 million in foundation grants. At the time of acquisition, the developer plans a second phase that will cost $2 million for renovations and additional construction. The developer can obtain $2 million from other sources to pay for the renovation and new construction. After construction, the Recipient's acquisition loan of $1 million and an additional $2 million in construction financing are paid off by a $3 million permanent loan.

Total Financing used in Project - $13 million

- CMF Award = $1 million
- Owner's Equity = $1 million
- Foundation Grants = $6 million
- Construction Financing = $2 million
- Permanent Financing = $3 million

Total Eligible Project Costs - $10 million

- Total Eligible Project Costs for Acquisition = $8 M
- Additional Eligible Project Costs for renovation = $2 M

Overall Leverage Multiplier = 10 ($10 M in Eligible Project Costs / $1 M CMF Award = 10)

The overall leverage multiplier is based on the total Eligible Project Costs. All interim financing is netted out. In this example, the Recipient can count the acquisition and renovation costs, which are included in the scope of the Project.

3.5 How does the CDFI Fund determine overall leverage when a Recipient makes a CMF investment that is repaid prior to Project Completion?

In this case, the Recipient counts the total final Eligible Project Costs even though it invested earlier on and was repaid before Project Completion.

Example: A Recipient loans a developer $1 million of its CMF Award to purchase land. The developer will build a new building that is 100% Affordable Housing. The Recipient's loan will be paid off at the start of construction by a construction loan. The CMF loan covers the entire acquisition cost. Total Eligible Project Costs on the date of Project Completion will be $5 million. The Recipient will not have any continuing investment in the Project once construction starts.

CMF Award investment at acquisition = $1 M

Acquisition cost = $1 M

CMF Award investment at the start of construction = $0 (Developer pays off Recipient's loan)

Construction costs = $4 M

Total Eligible Project Costs = $5 M (at Project Completion)

Overall Leverage Multiplier = 5 ($5 M in Eligible Project Costs / $1 M CMF Award = 5)

Even though the Recipient exited the Project at the start of construction, all costs from acquisition through Project Completion are Eligible Project Costs and will be counted for purposes of calculating leverage. The Project must be complete by the Investment Period End Date (formerly referred to as the Project Completion date in FY 2016 to 2023 Awards) Assistance Agreement.

3.6 [Updated] When calculating leverage, what sources of capital are private and what sources are public?

See Sections "Leveraged Capital: Private" and "Leveraged Capital: Public" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for guidance on this topic.

3.7 [Updated] How does the CDFI Fund calculate the Private Leveraged Capital multiplier? When will the CDFI Fund measure compliance with this goal?

While the multiplier is measured on a portfolio basis, data on Private Leveraged Capital in the Assistance Agreement (this term replaces "Private Leverage Costs" in FY 2016 – FY 2023 Assistance Agreements) is reported for each Project. To determine the amount of Private Leveraged Capital for an individual Project, the Recipient may count all sources of private investment during any phase of a Project. However, the total amount of Private Leveraged Capital cannot exceed the Eligible Project Costs (EPCs) minus CMF Award for a Project. As of the end of the Investment Period, the Recipient shall have yielded an amount of total EPCs funded by Private Leveraged Capital that is no less than the amount of the CMF Award times the private leverage multiplier set forth in Schedule 1. The private leverage multiplier is calculated as follows:

$$\text{Private leverage multiplier} = \frac{\text{EPCs paid for by Private Leveraged Capital}}{\text{Amount of the CMF Award}}$$

3.8 How should Eligible Project Costs (EPCs), unit production, and Leveraged Capital be prorated in a Consortium or for projects with multiple, unaffiliated CMF Recipients as project investors?

Each Consortium Member(s) must invest their individual CMF Award in the same Projects as the other Consortium Member(s). If multiple CMF Awards are invested in a Project by either a Consortium or multiple, unaffiliated CMF Recipients, then all Recipients must meet three conditions: 1) all Recipients must agree on the Project's proration of Eligible Project Costs, unit production, and Leveraged Capital; 2) the Project's prorated unit production must result in whole numbers of CMF eligible units allocated to each Recipient, with at least one CMF eligible unit being allocated for each Recipient with CMF Award funds in the project; and, 3) each Recipient with CMF Award funds in the Project must be allocated at least 1 percent of the Eligible Project Costs and Leveraged Capital (rounded up to the next whole number). A common method of calculating proration is to set each Recipient's percentage proportional to the dollar amount invested in the Project, then multiply the Eligible Project Costs, Leveraged Capital and total units (rounding to a whole unit) by these percentages for each CMF Recipient.

3.9 **[Updated]** If the Recipient has a line of credit, does this qualify for Enterprise-Level Capital?

The amount drawn on the line of credit can count as Enterprise-Level Capital 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; and

3) The amount drawn on the line of credit finances Eligible Project Costs.

3.10 [Updated] In the case of a CMF investment in a mixed-use Project that includes Affordable Housing and an Economic Development Activity component, how will Eligible Project Costs be determined?

It depends on whether the CMF Award is used to support or finance only the Affordable Housing portion, only the Economic Development Activity portion, or both. See Section "Eligible Project Costs: Prorating Eligible Project Costs" of the CMF Post Award Policy and Compliance Manual available on CMF's [Compliance Resources and Reporting]() page for further guidance on this topic.

CMF financing only for Affordable Housing Portion in a Project

If the CMF Award is used only to support or finance the Affordable Housing portion of a building, Eligible Project Costs must be attributed exclusively to Affordable Housing costs (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 10-year affordability restrictions). 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, direct cost tracing, or a combination of these methods.

For example, a Recipient financed the construction of a $10 million building with a $1 million CMF Award and $9 million in other funding sources. The building includes a health clinic on the lower floors and Affordable Housing on the upper floors. CMF financing was used for the Affordable Housing portion exclusively. Of the $10 million total costs, $3 million for hard costs is directly traced to the health clinic; $5 million is for hard costs for the Affordable Housing; and $2 million is for soft costs, land acquisition, and site preparation that supports the entire building. Approximately 60% of the square footage is dedicated to Affordable Housing while 40% is used for the clinic. Using this proration, the Recipient can calculate that 60% of the shared costs are attributed to Affordable Housing based on this calculation:

> Portion of shared costs that are Affordable Housing Eligible Project Costs = $2 M [shared costs in the Project budget] x 60% [square footage percentage] = $1.2 M.
>
> Total Affordable Housing Eligible Project Costs = $5 M [Affordable Housing hard costs] + $1.2 M [Affordable Housing portion of shared costs] = $6.2 M

CMF Financing only for Economic Development Activities (EDA) in a Project

If the CMF Award is used to support or finance Economic Development Activities in a mixed-use Development, 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, by direct cost tracing, or a combination of these methods.

Using the same example above, the calculation is the same, except for substituting the EDA component with Affordable Housing:

Portion of shared costs for EDA Eligible Project Costs= $2 M [shared soft costs in the Project budget] x 40% [square footage percentage] = $0.8 M.

Total EDA Eligible Project Costs = $3 M [EDA hard costs] + $0.8 M [EDA portion of shared costs] = $3.8 M

A Combination of Affordable Housing Activities and Economic Development Activities

If the CMF Award is used to finance both the Affordable Housing Activities and Economic Development Activities in a mixed-use Project, 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 10-year Affordability Period) and the Economic Development Activities constitute Eligible Project Costs.

Using the same example above, the total development cost of $10 million would be the Eligible Project Costs.

Recipients are encouraged to submit a Service Request to the CDFI Fund, requesting technical review of complex, individual transactions, to ensure the Recipient is correctly calculating and reporting Eligible Project Costs.

3.11 How are CMF Award dollars used for Direct Administrative Expenses and Feasibility Determination Expenses treated in calculating leverage?

Direct Administrative Expenses are applicable to all Awards, whereas Feasibility Determination Expenses are only relevant to CMF Awards made after June 25, 2024 (FY 2024 and subsequent Awards). FY 2016 to FY 2023 Award Recipients cannot use their Awards for Feasibility Determination Expenses.

Leverage is based on the total CMF Award amount regardless of any portion used as Direct Administrative Expenses or Feasibility Determination Expenses. Per the Assistance Agreement, Direct Administrative Expenses and Feasibility Determination Expenses are not Eligible Project Costs. Each CMF Award must result in Eligible Project Costs that equals at least 10 times the amount of the CMF Award. Program Income may be used for Direct Administrative Expenses or Feasibility Determination Expenses, but in no event may the total of Award funds and Program Income spent for Direct Administrative Expenses or Feasibility Determination Expenses, respectively, exceed five percent (5%) of the Award amount.

For example, if the CMF Award is $1,000,000 and the Recipient uses the maximum of 5% of the Award for Direct Administrative Expenses ($50,000), and the maximum 5% of the Award for Feasibility Determination Expenses ($50,000), the Recipient must use the remaining $900,000 of the Award for Projects. Note that the Recipient is still required to finance/support at least $10 million in Eligible Project Costs ($1 million Award x 10 = $10 million); not $9 million ($900,000 for Projects x 10 = $9 million). Because the Direct Administrative Expenses and Feasibility Determination Expenses do not count towards the $10 million minimum Eligible Project Costs requirement, the Recipient would need to identify additional leveraged capital to fill the gap ($50,000 + $50,000 = $100,000).

The Recipient will also have a separate private leverage requirement arising from Section 3.2(g) of the Assistance Agreement to finance/support Projects with a certain multiplier of private Leveraged Capital that is unique to each Recipient.
For reference, both the Interim Rule (effective June 25, 2024) and the former Interim Rule (February 8, 2016) define Direct Administrative 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 Requirements. Feasibility Determination Expenses is a new direct cost category created and defined in § 1807.104 in the Interim Rule (effective June 25, 2024) as "direct costs, as defined by the Uniform Administrative Requirements, and incurred by the Recipient to determine the feasibility of activities to implement the CMF Award." These costs must be incurred before Project Commitment and cannot be deemed as Eligible Project Costs. Such expenses may include, but are not limited to, preliminary market studies, engineering, architectural analyses, and financial feasibility analyses and other expenses approved by the CDFI Fund."

3.12 [Updated] Can the value of donations and in-kind assets held for a Project be treated as Eligible Project Costs and therefore be included as leveraged sources of capital?

See Section "Eligible Project Costs: Ineligible Costs" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for guidance on this topic.

4 Project Completion, Placed into Service, and Initial Occupancy

4.1 [Updated] What is the difference between Project Completion, Placed into Service, and the Initial Occupancy dates under the Assistance Agreement?

Project Completion requirements are found in 12 CFR § 1807.503. In general, Project Completion occurs when the necessary title transfer and/or construction are complete, and all CMF Award funds have been disbursed to the Project. Requirements for Project Completion for non-real estate activities, such as a Loan Loss Reserve or Secondary Market Mortgage Purchases, can also be found in 12 CFR § 1807.503. In many cases, Project Completion and Placed into Service occur at the same time.

Placed into Service, defined in Schedule 2 of the Assistance Agreement, means that the Project is complete and ready for occupancy because a certificate of occupancy (or similar permit to occupy a structure) has been issued. For Rehabilitation of owner-occupied Homeownership units, Placed into Service is concurrent with Project Completion pursuant to 12 CFR § 1807.503. 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 a lease and has the right to move in.

The Initial Occupancy date is defined in Schedule 2 of the Assistance Agreement and differs for rental and Homeownership Projects:

Rental

For rental Affordable Housing, the Initial Occupancy date occurs after the Project is Placed into Service and when at least ninety percent (90%) of all CMF Units are occupied, which must occur no later than 12 months after the Project Completion date.

Homeownership

For Affordable Housing Homeownership, the Initial Occupancy date occurs upon the transfer of equitable title to the Homebuyer. This is also the Purchase date.

Owner-Occupied Homeownership Rehabilitation

For owner-occupied Rehabilitation of Homeownership Affordable Housing only, the Initial Occupancy date is equivalent to the date of the Project's Completion, pursuant to 12 CFR § 1807.503.

The 10-year Affordability Period for each Project starts on the Initial Occupancy date.

See Section "Completion" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for further guidance on this topic.

4.2 What happens if a Project is Placed into Service more than six (6) months after Project Completion or Initial Occupancy occurs more than 12 months after Project Completion?

If a Project is not Placed into Service within six (6) months of Project Completion or Initially Occupied within 12 months, this is an event of noncompliance and a Material Event. The Recipient must submit a Material Events Form to report the noncompliance within 30 days of the missed deadline. Recipients will submit Material Event forms by logging into AMIS and submitting a service request. A detailed tutorial is available through this link: Material Events Form Video Tutorial. In the 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.

4.3 If the Recipient has already Placed into Service more units than required by the Assistance Agreement prior to the five-year Investment Period End Date, does it still need to meet the required percentages under Sections 3.2(d), 5.2(a), and 5.3(a) for additional CMF-financed units?

Yes. Every initial investment of the CMF Award will factor into the required percentages under Sections 3.2(d), 5.2(a), and 5.3(a) of the Assistance Agreement, as measured at the end of the Investment Period (which concludes at the Investment Period End Date). Note that "Investment Period End Date" was called the "Project Completion Date" under prior Assistance Agreements (i.e., FY 2016 - FY 2023 Assistance Agreements) before this change was made beginning with the FY 2024 Assistance Agreement. In addition, those Recipients who proposed to reinvest Program Income to achieve their Performance Goals, the Program Income reinvestments may also factor into the required percentages under Sections 3.2(d), 5.2(a), and 5.3(a) of the Assistance Agreement. For additional information, see the applicable Assistance Agreement Section 3.8(a) or (b) that governs the use of Program Income.

4.4 [Updated] For reporting purposes, should a CMF Recipient only count those units financed with the CMF Award, or should all units in a Project be counted, including those units not financed with the CMF Award?

CMF funding is typically provided to an Affordable Housing Project, rather than to specific units within a larger development. As a result, a Recipient should count the units in a Project financed by the CMF Award, including units produced with Program Income from a CMF Award, as long as those units qualify as CMF Units (i.e., those units restricted to families at 120% AMI or less and meet CMF requirements). For Projects with multiple locations, a Recipient is required to specify how many CMF Units (120% AMI or less) were financed with the CMF Award and the amount of the CMF Award invested at that location. The Recipient will be credited for the CMF Units and the amount of the CMF Award invested in the Project. However, those units in which neither a CMF Award nor Program Income resulting from a CMF Award was used to produce Affordable Housing units (e.g., CMF only financed one building in a multi-building Affordable Housing development) should not be included in reporting on the Project.

4.5 [Updated] At what point in the financing process does a unit count towards achieving Performance Goals?

The organization will receive credit for a CMF Unit once the Project status is marked as "Completed" or "Placed into Service," a Project Completion Date is entered, and the CMF Unit count is entered in AMIS. See Section "Completion: Project Completion" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for guidance on this topic.

5 Affordability – General Topics

5.1 How do I know when to report on affordability if my Assistance Agreement does not have a table with reporting periods or deadlines for the Affordability Report?

Depending on the award year, the Assistance Agreement may have a separate abbreviated reporting schedule printed in Schedule 1 for reporting on the Investment Period only. The CMF Performance Report includes both investment and affordability components, so after the conclusion of the Investment Period, Recipients will continue with the same annual reporting schedule for the CMF Performance Report – within 90 days of the end of the Recipient's fiscal year. The CDFI Fund has loaded the schedule for submitting the CMF Performance Report into each CMF Award's reporting schedule in AMIS (along with other reporting schedules as applicable).

For purposes of establishing a reporting schedule, the CDFI Fund assumed that most Recipients will be reporting for 15 years. However, the actual reporting timeline for any given Recipient may be less or greater than 15 years; it depends on when the last Project financed and/or supported with the CMF Award (or applicable Program Income) exits its 10-year Affordability Period.

5.2 When does the Affordability Period start and end?

There are two ways to consider the Affordability Period start and end dates. First is at the Project-level. Each rental or Homeownership Project is individually subject to a 10-year Affordability Period that starts on the Initial Occupancy Date and ends ten years later. Thus, each Project has its own Affordability Period for which affordability data must be reported.[1]

Second is from a CMF Award portfolio-wide perspective: the CMF portfolio's Affordability Period starts on a date five (5) years after the Effective Date of the Assistance Agreement, also known as the Investment Period End Date, and ends ten years after the Initial Occupancy Date for the last Project.

5.3 Are there any circumstances in which a CMF Award can be used to finance and/or support an Affordable Housing Project, but the Project would not be subject to the Affordability requirements?

[1] Under the applicable Resale provisions of the applicable Assistance Agreement, if a Homeownership Project needs to be replaced, the Affordability Period will pause. It is not until the replacement unit achieves Project Completion that the 10-year Affordability Period will resume. The CMF Performance Report will add any such gaps to the original 10-year Affordability Period end date. In these circumstances, CMF Recipients have one year to replace the original unit but are encouraged to identify replacements as quickly as possible to minimize the amount of time for which Affordability Period reporting on the Project exceeds 10 calendar years.

No. Once a Project benefits from CMF financing during the Investment Period, whether through a direct investment/loan or a form of credit support such as a Loan Loss Reserve or Loan Guarantee, it becomes subject to the Affordability Period requirements. This applies even if the CMF financial assistance is repaid before Project Completion, before Initial Occupancy, or at any time prior to the conclusion of the 10-year Affordability Period. The Recipient is required to monitor the affordability of Projects and report to the CDFI Fund throughout the 10-year period.

The Affordability Period for each Housing Project begins on the Initial Occupancy date regardless of the Project stage in which CMF financing was provided or if it was paid off before Initial Occupancy.

5.4 Where is the data to determine who is income-qualified for CMF Projects and programs as a percentage of the area median income?

A Family whose income is not more than 120% of the applicable Area Median Income (AMI) is Eligible-Income for CMF.

For AMI data, CMF relies on a dataset published annually by the U.S. Department of Housing and Urban Development (HUD) - Multifamily Tax Subsidy Income Limits. For determining the income limits, use the dataset as follows:

- Identify the appropriate year.
- Identify the appropriate State and County or Metropolitan Statistical Area MSA.
- Determine the income limit category by family size.
  - This data set provides income limit categories for 30% AMI, 50% AMI, 60% AMI, and 80% AMI for family sizes ranging from 1-8 persons.
- Other income levels are calculated as follows:
  - For determining 120% AMI:
    - Use HUD's dataset and multiply the 60% AMI income figure listed for the appropriate family size by two (2). For example, if 60% AMI in the HUD dataset is $55,000 for the appropriate family size, then $110,000 is 120% AMI for the same family size ($55,000 x 2 = $110,000).
  - For determining 100% AMI:
    - Use HUD's dataset and multiply the 50% AMI income figure for a family of four by two (2). For example, if 50% AMI for a family of four in the HUD dataset is $45,000, then 100% AMI is $90,000 ($45,000 x 2 = $90,000).

Note that CMF Recipients can use the HUD dataset linked above for determining income limits on both rental and Homeownership CMF Projects.

5.5 [Updated] If a Recipient is using its CMF Award for Affordable Housing Activities related to Manufactured Housing and lots, how does it determine the affordability of the units?

See Section "Manufactured Housing" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for guidance on this topic.

5.6 Who is responsible for enforcing the affordability requirements for CMF-financed Projects?

The CMF Award Recipient always has the obligation to enforce the CMF requirements under the Assistance Agreement and ensure all applicable regulations are met during the 10-year Affordability Period. The CDFI Fund will not approve any proposed agreement or action that would prevent the Recipient from complying with any aspect of the Assistance Agreement including the affordability requirements. Similarly, the CDFI Fund will not approve any proposed agreement or action that will have the effect of assigning compliance with the Affordability requirements from the Recipient to another entity.

5.7 What are the portfolio-level Affordability Period requirements for housing financed with the CMF Award?

The requirements for rental Housing affordability are set forth in detail in several documents. Recipients should particularly review 12 CFR § 1807.400-401. In addition, see Assistance Agreement Sections 3.2 and 5.2.

Affordability for CMF is evaluated at both the portfolio-level for all CMF Projects and Project-level for each CMF Project (see FAQ 6.1 for rental Project requirements).

<u>Portfolio-Level (all CMF Projects under an Award)</u>

(1) Housing must meet the affordability requirements for not less than 10 years after Project Completion beginning at Initial Occupancy, or for Affordable Homeownership, beginning at the time of Purchase by the Homebuyer. The Recipient shall ensure that one hundred percent (100%) of total Eligible Project Costs attributable to Affordable Housing are for CMF Units leased or owned by Families at Eligible-Income or below.

(2) The Recipient shall ensure that, at a minimum, greater than fifty percent (50%) of the total Eligible Project Costs attributable to Affordable Housing are for CMF Units that are leased or owned by Low-Income Families (inclusive of Very Low-Income and Extremely Low-Income Families), as set forth in 12 CFR § 1807.400, et seq.

(3) Schedule 1 of the Assistance Agreement (Sections 3.2(d), 5.2(a), and 5.3(a) – Portfolio-level Targeted Incomes and Geographies) identifies the Recipient's specific portfolio-level targeted income requirements. Recipients must be aware that regardless of the Eligible Project Costs requirements stated above, there may be deeper income requirements with respect to units

directed to Very Low-Income Families (for rental Housing) or Low-Income Families (for Homeownership). For example, while minimally 50% of costs must be directed to Low-Income Families, the Recipient's Assistance Agreement may require a higher percentage of units be restricted to Very Low-Income Families.

6 Affordability and Income Determination – Rental Property

6.1 [Updated] What are the Affordability Period requirements for rental Housing financed with the CMF Award?

The requirements for rental Housing affordability are set forth in detail in several documents. Recipients should pay particular attention to 12 CFR § 1807.400-401. In addition, please also refer to Assistance Agreement Sections 3.2 and 5.2.

Affordability for CMF is evaluated at both the portfolio-level (see FAQ 5.7) for all CMF Projects and Project-level for each CMF Project:

Project-Level (rental only)

The Recipient is responsible for tracking the number of rental units within the Project for the duration of the 10-year Affordability Period. Each year during the Affordability Period, the Recipient shall report on its compliance with the requirements set forth in Section 5.5 of the Assistance Agreement in the Recipient's Annual Report – Performance Report. The CMF Units must meet the affordability requirements for no less than 10 years, beginning after Project Completion and the date when the Affordable Housing achieves Initial Occupancy. The Recipient must also ensure the following requirements are met during each year of the Affordability Period:

(1) At the time of each initial lease and occupancy, the tenant income of the Family shall be determined to ascertain income eligibility;

(2) During the Affordability Period, the existing tenant income shall be re-examined annually in accordance with 12 CFR § 1807.401(f), except for those Projects where 100 percent of the CMF Units are subject to rent limitations as set forth in Section 5.2(e)(1), or for those rent-restricted units where the rent and income restrictions are associated with a fixed address as set forth in Section 5.2(e)(2) in the Assistance Agreement. The exceptions to annual certification and reliance on the Presumptive Compliance Determination (as outlined in the CMF Post Award Policy and Compliance Manual, available on CMF's Compliance Resources and Reporting page) are applicable to FY 2024 and subsequent Awards only. For prior Awards (FY 2016 to FY 2023), the Presumptive Compliance Determination is applicable to income determination, but there are no exceptions to the annual tenant income certification requirements.

(3) The rental affordability requirements of Section 5.2 in the Assistance Agreement are met;

(4) The Housing adheres to the applicable maximum monthly allowances for utilities and services (excluding phone, cable, and internet) in accordance with 12 CFR § 1807.401(c);

(5) Any increase in rents adheres to the rent limitations and notice requirements set forth in 12 CFR § 1807.401(a) and (e); and

(6) Any temporary noncompliance resulting from CMF Units that are occupied by tenants that are over-income is resolved in accordance with 12 CFR § 1807.401(g).

Rental CMF Units may be converted to Homeownership Affordable Housing under an existing, documented rent-to-own program and in accordance with 12 CFR § 1807.402(e). Converted units are subject to the remainder of the Affordability Period for that unit.

6.2 How do Recipients report compliance with the requirement to record deed restrictions, land covenants, or other pre-approved recordable mechanisms imposing Affordability Period restrictions?

Pursuant to 12 CFR § 1807.401(d), affordability requirements must be imposed by deed restrictions, covenants running with the land, or other recordable mechanisms. Recipients are not required to submit these recorded documents to the CDFI Fund. However, Recipients must retain a copy of the appropriate recordable mechanism in the Project file, as the CDFI Fund may require the Recipient to furnish these documents for review at any time.

As described in the CMF Post Award Policy and Compliance Manual (see CMF Compliance and Reporting), the CDFI Fund has deemed that a land use restrictive agreement (LURA), restrictive covenant, or similar deed restriction in place under the Low-Income Housing Tax Credit (LIHTC) program is Presumptively Compliant in meeting the deed restrictions, covenants running with the land, or other recording instrument requirements. However, a project may be regarded as Presumptively Compliant only if the affordability restrictions meet or exceed the CMF affordability period and 100% of the project's units are affordable.

For compliance and reporting purposes, the Presumptively Compliant Determination (PCD) for Deed Restrictions is applicable to all CMF Awards. For prior Awards subject to the former Interim Rule (February 8, 2016), which covers FY 2016 to FY 2023, a land use restrictive agreement, restrictive covenant, or similar deed restriction in place under the LIHTC program, that meets or exceeds the CMF period of affordability and the CMF-required percentage of rent-restricted units under § 1807.401, satisfies the requirement for CDFI Fund approval for other recordable mechanisms.

6.3 Can the Affordability Period restrictions on a rental Project be incorporated into a loan document instead of a deed restriction or other recorded mechanism?

No, Affordability Period restrictions cannot be incorporated into a loan document as a substitute for a deed restriction or other recordable mechanism. Recipients must use recordable mechanisms (e.g., deed restriction, covenant running with the land, etc.) that would survive the repayment of a loan, sale, or transfer of the property throughout the 10-year Affordability Period.

6.4 [Updated] What are the requirements when a CMF Award is used to finance the acquisition of an occupied property where not all tenants are income-eligible?

See Section "Preservation" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for guidance on this topic.

6.5 If the Recipient is investing in a scattered site rental Project consisting of Single-family Housing or small Multi-family rental buildings, can it aggregate these buildings to meet the requirement that 20% of the units in the Project must be affordable to Low-Income Families?

For scattered site rental units not part of the same property (e.g., several Single-family houses that are rental units located on separate legal lots in a neighborhood), these units can be "counted" as part of the same rental Project if they are under a single ownership entity and financed under a common financing plan. Affordability Period restrictions must still be imposed for each site by deed restrictions, covenants running with the land, or other recordable mechanisms.

6.6 [Updated] What is required if a CMF-assisted rental property is sold before the end of the 10-year Affordability Period to a new owner who does not plan to continue to meet the Affordability Period requirements during the 10-year period?

A CMF-assisted rental property must continuously meet affordability requirements throughout the 10-year Affordability Period, regardless of any sale or transfer of the property or other change in ownership (See 12 CFR § 1807.401(d)). A Materials Events Form must be submitted within 30 days in the event any rental Project is sold before the end of the Affordability Period and no longer meets the Affordability Period requirements, as this would be an event of noncompliance. The CDFI Fund would then follow the procedures in the Assistance Agreement to provide a cure period and sanctions if warranted.

6.7 [Updated] May a Family with income below 60% AMI rent a unit designated for 80% AMI families, and be charged the rent associated with an 80% AMI unit, if a 60% AMI unit is not available?

See Section “Unit: Eligible Rental Unit Occupancy” of the CMF Post Award Policy and Compliance Manual available on CMF’s Compliance Resources and Reporting page for guidance on this topic.

6.8 How should each Family be reported on the Performance Report with respect to income category from year to year?

Beginning with FY 2024 Awards, compliance income reporting exceptions are allowed for Projects where 100 percent of the CMF Units are subject to Federal rent limitations as set forth in Section 5.2(e)(1) of the Assistance Agreement, or for those rent-restricted units where the Federal rent and income restrictions are associated with a fixed address as set forth in Section 5.2(e)(2) of the Assistance Agreement.

As described in FAQ 6.1, all Recipients must adhere to rental affordability requirements, including income targeting and rent limitations, for each year a Project’s Affordability Period is in effect. When reporting annual occupancy of the rental Affordable Housing, the Recipient must consider both (1) the annual income of the Family AND (2) the classification of the rental unit occupied by the Family. The reason both factors must be considered is that income categories in the CMF Program overlap and Families may occupy units designated for higher income classified Families. The income categories used by the CMF Program are:

- ≤ 30% AMI
- > 30% AMI but ≤ 50% AMI
- > 50% AMI but ≤ 60% AMI
- > 60% AMI but ≤ 80% AMI
- > 80% AMI but ≤ 120% AMI

Family income and rental unit classification will generally be consistent. However, a Family may rent a unit designated for a higher income category when no lower-income category units are available. In this case, the Family will be classified based on the Family’s income classification instead of the unit they occupy. For example, suppose there are no units available to Families at or under 60% AMI and a Family with an income of 60% of AMI rents a unit reserved for a Family at or under 80% AMI. If the Family pays the rent associated with an 80% AMI unit and not the rent associated with a 60% unit, the Family should be reported as a > 50% AMI but ≤ 60% AMI Family, but the unit remains classified as an 80% unit. As a reminder, if a unit at the lower 60% AMI rent level becomes available, the Family living in the higher rent unit should be offered the unit at the lower rent level, or the 80% AMI unit should be converted to a 60% AMI unit (see FAQ 6.7), and the Project’s tenant income mix should be updated in the Recipient’s next annual report.

Now consider a Family where Family income increases above the threshold of their current income classification. Suppose that a Family’s income was initially classified in the 60% AMI category. Following year, the Family income increases to 90% of AMI. At this income level, the Family no longer qualifies as a Low-Income Family and, for occupancy purposes, must be reported as an

Eligible-Income Family. (This situation presents a temporary non-compliance that must be resolved as directed through the over-income tenant rules. See 12 CFR § 1807.401(g) for requirements for over-income tenants.) The maximum rent for tenants whose incomes no longer qualify is either 30% of the Family's annual income, or the amount payable by the tenants under State or local law, whichever is less; however, tenants whose income exceeds the Eligible-Income level are not required to pay rent more than the market rent for comparable, unassisted units in the neighborhood.

6.9 For a Project financed using both Low Income Housing Tax Credits (LIHTC) and the CMF Award, can Recipients rely on the income examination and verification completed for other Federal Housing programs to meet the tenant income determination compliance requirements of CMF?

As described in the CMF Post Award Policy and Compliance Manual (see CMF Compliance and Reporting, Section "Presumptive Compliance"), the CDFI Fund deems that a Family residing in a CMF Unit and income-qualified under the LIHTC program, the HOME Program, or the Section 515 Rural Rental Housing program is income-eligible and Presumptively Compliant in meeting the tenant income determination requirements under § 1807.401(f) of the Interim Rule (effective June 25, 2024). Presumptively Compliant Determinations (PCDs) are designated for CMF compliance and reporting purposes and are applicable to all CMF Awards. The PCDs currently approved by the CDFI Fund for CMF compliance and reporting purposes are documented in the current version of the CMF Post Award Policy and Compliance Manual (see CMF Compliance and Reporting).

By declaring the applicability of a CDFI Fund approved PCD, a Recipient is attesting to the CDFI Fund that the Project is in full compliance with the other designated Federal program as it relates to the PCD. For this reason, the Recipient is expected to maintain records that substantiate such compliance. For example, if a Project is funded by both CMF and LIHTC, and the Project is relying on the PCD under the LIHTC program, records indicating full compliance with LIHTC must be maintained by the Recipient and available to be submitted to the CDFI Fund upon request.

6.10 What happens if funding has been disbursed to a rental Project and the Project is Placed into Service, but there is a foreclosure before the end of the 10-year Affordability Period?

Regarding early termination of Affordability Period restrictions in the event of a foreclosure as set forth in 12 CFR § 1807.401(d), a Project's affordability restrictions are allowed to terminate upon foreclosure or transfer in lieu of foreclosure. To the extent allowed under State law, in the event of a sale of property at foreclosure, transfer in lieu of foreclosure, short sale, or other types of disposition, proceeds available to pay off a mortgage financed with a CMF Award shall be treated as Program Income.

Outside of foreclosure, each rental Project that achieves Project Completion must complete the 10-year Affordability Period or an event of noncompliance occurs. As an event of noncompliance, the Recipient is obligated to report the event within 30 days of occurrence through submission of a Material Events Form. The CDFI Fund will address noncompliance situations on a case-by-case basis.

In all cases, the Recipient is advised to contact the CDFI Fund via a Service Request if it anticipates the 10-year Affordability Period may not be completed for any Project to discuss how to report the Project status in the CMF Performance Report.

6.11 [Updated] How is tenant income determined for CMF-financed Projects?

Recipients must ensure that affordable housing project managers properly screen the eligibility and income of rental applicants and existing tenants. See CFR § 1807.401(f) for further guidance.

6.12 How is gross rent determined for CMF Units?

Gross rent is calculated by income categories as described in Section 5.2(c) of the Assistance Agreement. Gross rent includes the cost of utilities paid directly by the tenant, except for phone, cable, and internet. The maximum tenant-paid rent is the sum of the applicable rent limit in Section 5.2(c) minus the applicable utility allowance.

As described in the CMF Post-Award Policy & Compliance Manual (see CMF Compliance and Reporting), the CDFI Fund deems that gross rent as determined under the LIHTC program is Presumptively Compliant in meeting the rent limitations under § 1807.401(a) and the Assistance Agreement. Gross rent determined under and in compliance with the LIHTC program may be used for CMF Units and is considered to meet CMF gross rent requirements under the Assistance Agreement. For compliance and reporting purposes, the Presumptively Compliant Determination (PCD) for gross rent is applicable to all CMF Awards.

6.13 How are utility allowances accounted for in calculating the maximum rent for a CMF Unit?

The applicable utility allowance is the allowance for utility costs that are paid by the tenant for utilities except for: phone, cable, and internet. The annual, gross, tenant-paid rent for a CMF Unit should be adjusted by subtracting the applicable utility allowance from the tenant's income-adjusted gross rent. The calculation for utility allowance will vary by location and Housing program and may be determined by a public housing authority's utility allowance schedule, actual historic costs, local utility company estimates, or other reasonable and documented methods. The utility allowance definition and calculation must be documented on the Project to provide evidence that the utility allowance comports with an established utility allowance methodology.

6.14 [Updated] May a CMF Award be used to finance a Preservation Project if current affordability restrictions will expire after a CMF Award Investment Period End Date?

See Section "Preservation" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for guidance on this topic.

6.15 We want to use our CMF Award for Rehabilitation of a Rental property. Does it matter if there are existing affordability restrictions on the Project?

See Section "Rehabilitation" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for guidance on this topic.

7 Affordability and Income Determination – Homeownership

7.1 What is a recoupment, replacement, and/or resale strategy, and who is required to have one?

A Recipient that uses the CMF Award to finance or support the Purchase of Housing by a qualified Homebuyer must have a recoupment, replacement, and/or resale strategy, as required by Assistance Agreement Section 5.3(h) and 12 CFR § 1807.402(a)(1)(vi) of the Interim Rule (effective June 25, 2024). This strategy outlines how the Recipient will establish and impose recoupment, replacement, and/or resale requirements under § 1807.402(a)(1)(vi)(A). Upon the establishment of a Homeownership Program, the Recipient shall have prepared in writing, and its board of directors (or equivalent) shall have approved, a recoupment, replacement, and/or resale strategy that meets the requirements of 12 CFR § 1807.402(a)(1)(vi) and Section 5.3(h) of the Assistance Agreement. The Board's approval must take place prior to the CMF Award funds being Committed for Use to a Homeownership Program. The Recipient's recoupment, replacement, and/or resale 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 the date of the board of directors' approval. The Recipient's required actions under the recoupment, replacement, and/or resale strategy will depend on the date of resale and the remaining Affordability Period of applicable projects.

For Awards made in FY 2024 and subsequent Awards:

If the CMF Unit is resold five (5) years or less from the date of Purchase: If the Housing is resold in five (5) years or less from the date of Purchase, the Housing must either be sold to an Eligible-Income Family meeting the qualifications set forth in 12 CFR § 1807.402, or the CMF Award must be recouped and the Housing replaced with a replacement unit to satisfy the affordability requirement for the remainder of the Affordability Period.

If the CMF Unit is resold more than five (5) years from the date of Purchase but before the end of the Affordability Period: If the Housing is resold any time after five (5) years from the date of Purchase but before the end of the Affordability Period, the Housing must either be sold to a new Eligible-Income Family, or a proportionate share of the CMF investment must be recouped as Program Income. The proportional amount of the CMF Award to be recouped shall be calculated as the amount equal to one-tenth of the Award invested to finance the Housing for each year, or any part of a year, of the unsatisfied 10-year Affordability Period. In this case where the Housing is not sold to an Eligible-Income Family after five (5) years from the date of Purchase, and the Recipient recoups a proportional amount of the CMF Awards as Program Income, the Recipient is not required to replace the sold Housing with another replacement unit.

<u>For prior Awards (FY 2016 to FY 2023):</u>
The recoupment, replacement, and/or resale strategy must comply with the former CMF Interim Rule (February 8, 2016) and ensure that if the home is sold before the end of the 10-year Affordability Period, the home must be sold to another eligible income Family, or an amount equal to the CMF investment (recouped or not) is used to finance replacement housing for the same income category for the duration of the Affordability Period.

7.2 What is the deadline for creating a recoupment, replacement, and/or resale strategy before the CMF Award being Committed for Use?

The Recipient must create, and the governing board must approve, a recoupment, replacement, and/or resale strategy <u>before</u> a Project Commitment is made to a Homeownership Program.

7.3 How do Recipients report that a Homeownership recoupment, replacement, and/or resale strategy has been adopted before making a Project Commitment to a Homeownership Program?

Recipients do not need to submit their recoupment, replacement, and/or resale strategy to the CDFI Fund for approval or inspection after adoption. However, the strategy and evidence of the date of board approval must be available for inspection upon request by the CDFI Fund.

7.4 **[Updated]** What are some examples of recoupment, replacement, and/or resale strategies that can be implemented?

There are different ways to maintain the affordability requirements under 12 CFR § 1807.402(a)(1). These strategies range from restrictions on Housing transfers to ensure an Eligible-Income Family continually occupies assisted properties for the entire Affordability Period, to allowances for unrestricted sale of assisted properties with replacement. The following are some examples:

Sale restricted to another Eligible-Income Family

The recoupment, replacement, and/or resale strategy could restrict the sale of the Housing to only another Eligible-Income Family at a restricted price (not to exceed the purchase price limits for the area under the HUD FHA Section 203(b) Mortgage Insurance Program on the date of sale). Under this strategy, the Affordability Period would continue, and no replacement would be required. Deed restrictions or other enforcement mechanisms could be used to implement the strategy.

Sale restricted to Recipient

Resale of CMF-financed Housing could be restricted to the Recipient or a related entity. This approach allows the Recipient to Control who will own the property next and ensure that the Housing will be resold in full conformance with the CMF Program rules. If this solution is used, the Affordability Period is paused until the Housing is resold to another Eligible-Income Family. In these circumstances, CMF Recipients have one year to replace the original unit but are encouraged to identify replacements as quickly as possible to minimize the amount of time for which Affordability Period reporting on the Project exceeds 10 calendar years.

Refinanced Housing

A Recipient that offers mortgage financing may decide it only wants to or is only able to monitor the Affordability Period for properties on which it has an active mortgage. In this case, full repayment of the Recipient's mortgage through refinancing would trigger replacement of the unit with a new CMF Unit that is subject to the CMF Affordability restrictions.

The Recipient's required actions under the recoupment, replacement, and/or resale strategy will depend on the date of resale and the remaining Affordability Period. For FY 2024 and subsequent Awards, see FAQ 7.1 for additional guidance based on updates to the Interim Rule (effective June 25, 2024).

7.5 What is the difference between recoupment, replacement, and/or resale strategies and Program Income investment requirements?

Recoupment, replacement, and/or resale strategy requirements are separate from Program Income reinvestment requirements. The Program Income requirements outlined in Section 3.8 of the Assistance Agreement dictate how returned CMF Award funds (i.e., repaid principal, equity, or interest) must be used or reinvested throughout the Investment Period (5-year period starting with the Effective Date) and afterward. A recoupment, replacement, and/or resale strategy addresses what actions, if any, the Recipient must take to maintain affordability obligations throughout the Investment Period and Affordability Period for each property in the event of resale or other changes in ownership of a Homeownership unit.

When the Recipient's recoupment, replacement, and/or resale strategy features repayment of principal, equity, or interest of the original CMF Award, Program Income rules also apply.

7.6 What dataset should we reference for purposes of determining compliance with the Homeownership Purchase price limits?

For FY 2024 and subsequent Awards, under 12 CFR § 1807.402(a)(1)(ii), the Single-family Housing Purchase price shall not exceed the mortgage price limits for the area under the HUD FHA Section 203(b) Mortgage Insurance Program. The Purchase Price limits are available for the current calendar year and the previous two calendar years here: HUD's FHA Mortgage Limits.

For prior Awards (FY 2016 to FY 2023) the Housing price may not exceed 95% of the median purchase price for the area as used in the HOME Program as determined by HUD.

The Recipient shall reference and report the Purchase price information effective as of the Initial Occupancy date, which is the date of equitable title transfer to the homeowner (see FAQ 4.1). For example, if the Initial Occupancy date for a Homeownership Project funded through a FY 2024 CMF Award is March 1, 2026, the Recipient should reference and report the 2026 FHA Mortgage Limits.

7.7 [Updated] Our CMF investment in a Homeownership Project was repaid but the Family remains in the Housing. Are we required to invest in another Homeownership Project?

The Recipient's required actions under the recoupment, replacement, and/or resale strategy will depend on the date of resale and the remaining Affordability Period. For FY 2024 and subsequent Awards, see FAQ 7.1 for additional guidance based on updates to the Interim Rule (effective June 25, 2024).

If the original Family remains in the Housing after the repayment of the CMF financing, the unit does not need to be replaced. However, if the Recipient is not able to monitor the Family's continued occupancy through the end of the Affordability Period, they should replace the unit pursuant to the resale, replacement, and/or resale strategy. The proceeds from the repayment, however, are treated as Program Income.

7.8 Are annual income certifications required for Homeownership Affordable Housing Projects?

A Family's qualifications for Homeownership must be determined at the time that equitable title for the Housing is transferred to the qualifying Family, and as long as the original or a subsequent qualifying Family owns and resides in the Housing, then annual income certifications are not required or warranted. Recipients must have procedures in place to ensure that the Housing remains the principal residence of the Family and that the Recipient is notified of any sale, so that it correctly applies the recoupment, replacement, and/or resale strategy when required to do so. The CDFI Fund strongly encourages the Recipient to use recorded deed restrictions requiring sale notification or contractual requirements that require prior notification of the intent to sell or move by the homeowner, to ensure the Recipient is aware any time a Family intends to sell or vacate the property. Regular self-certification from the homeowner that they continue to occupy the Housing as a principal residence is also a best practice.

7.9 In the event a CMF-financed Homeownership unit is resold or is no longer used as the principal residence of the original Family, and replaced with another unit during the Investment Period, how do the original and replacement units factor into the Recipient's Performance Goals?

The CDFI Fund will use the original Homeownership unit for assessment of compliance related to Performance Goals, including Unit Production, Eligible Project Costs, Leverage, and Areas of Economic Distress, even if the original unit is replaced during the Investment Period, with one notable distinction. Since the Rural Area investment Performance Goal is structured as a percentage of the Award dollars (including Program Income) invested in Rural Areas, the CDFI Fund will count the CMF-financed investment in the original Housing unit and any Program Income invested in the replacement unit to determine whether the Recipient has met the Rural Area investment requirements specified in the Assistance Agreement.

Table: Homeownership Replacement Unit(s) – Performance Goal and Unit Count Methodology[2]

Performance Goal	Applicable Unit
Unit Production	Original Unit
Eligible Project Costs	Original Unit
Leverage	Original Unit
Areas of Economic Distress (2016 - 2020)	Original Unit
Areas of Economic Distress and Percentage of Units Restricted to Low-Income Families (2021)	Original Unit
Rural Areas	Original and Replacement Units

[2] In addition, this table applies to the following two compliance situations. The Original Unit will be counted towards the Recipient's Performance Goals and Measures (PG&Ms):
• In the event of foreclosure of the Homeownership unit; or
• In the event a Recipient invests in multiple Replacement Units to replace the Original Unit.

7.10 [Updated] What are appropriate methods for establishing the after-Rehabilitation value of Homeownership Single-family Housing if there is not a sale to a new owner after Rehabilitation?

See Section “Rehabilitation: After-Rehabilitation Value” of the CMF Post Award Policy and Compliance Manual available on CMF’s [Compliance Resources and Reporting] page for guidance on this topic.

7.11 [Updated] What steps are necessary to income-qualify a Family for Homeownership Affordable Housing?

See Section “Homeownership: Family Qualification” of the CMF Post Award Policy and Compliance Manual available on CMF’s [Compliance Resources and Reporting] page for guidance on this topic.

7.12 Can a CMF-assisted Family Purchase a two- to four-unit property, and rent out one or more units?

Yes, the CMF definition of Homeownership includes the Purchase of a one- to-four-unit property. CMF-assisted Homebuyers must maintain at least one unit in a two- to four-unit property as a principal residence and the Homebuyer must meet income eligibility requirements. They may rent additional units (as long as they are permanent units in the property, each with a separate means of ingress/egress, kitchen, sleeping area, bathing area, and bathroom facilities). The additional units are not subject to CMF affordability requirements.

8 Audits and Federal Remittances

8.1 Are Federal Single Audits required for CMF Recipients?

A Nonprofit Organization Recipient must complete an annual Single Audit pursuant to the Uniform Administrative Requirements (2 CFR § 200.500) if it expends $1 million 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]. Recipients are also required to submit it via AMIS, following the instructions in the AMIS guides for CMF compliance reporting available on the CDFI Fund website. Find these guides and other CMF compliance resources [here].

8.2 [Updated] When must interest income be remitted to the Federal government and how is this done?

FY 2024 and subsequent Awards: If, at the end of any fiscal year, the Recipient determines that it has earned more than $500 dollars in interest income from deposits in an interest-bearing account prior to their allocation to an Eligible Use under 3.2(a) of the Assistance Agreement (Advances), any amount exceeding $500 must be remitted to the Federal government.

FY 2016 to FY 2023 Awards: If, at the end of any fiscal year, the Recipient determines that it has earned more than $500 dollars in interest income from deposits in an interest-bearing account prior to their CMF Award being used for Project Commitments under 3.2(a) of the Assistance Agreement (Advances), any amount exceeding $500 must be remitted to the Federal government.

See the Uniform Administrative Requirements 2 CFR § 200.305 for additional information.

The Department of Health and Human Services manages the remittance of interest income for CDFI Fund Recipients. If you are returning interest from a CMF Award, this interest is not paid through the Payment Management System (PMS). More information about how to remit interest income can be found here: Returning Funds/Interest webpage.

8.3 Does a Commitment for Use constitute an expenditure for a Single Audit Report?

Prior to expenditure, CMF Award funds are deemed to be "Advance payments" as defined in the Uniform Administrative Requirements (UAR). However, according to 2 CFR § 1108.180, the accounting treatment of Advance Payments as expenditures may depend on several factors, including whether various financial reports are being prepared on a cash or an accrual basis. Recipients should speak with their accountant or financial advisor for further clarification as the CDFI Fund cannot offer accounting advice.

Per 2 CFR § 200 Subpart F of the UAR, starting in fiscal years beginning on or after October 1, 2024, only organizations with federal expenditures of $1 million or more in a single fiscal year will be required to undergo a Single Audit. For-profit organizations are exempt from the Single Audit requirement. As the Single Audit requirements are subject to change, Recipients should refer to § 200.501 Audit requirements for the most up to date requirements in the preparation of their annual audit. Please note that it is permissible under the Assistance Agreement to incrementally expend a CMF Award during the Period of Performance. Prior to disbursement, a CMF Award must be kept in an interest-bearing account(s) with interest remitted in compliance with 2 CFR § 200.305 of the UAR.

8.4 Where should a Recipient's auditor send Audit Confirmation requests to at the CDFI Fund?

CDFI Recipient auditors should submit all audit confirmation requests via email directly to FMAuditConfirmations@cdfi.treas.gov.

9 Environmental Reporting Requirements

9.1 [Updated] If a Project has $1 million or less in CDFI Fund financing, does a "Categorical Exclusion" apply under 12 CFR § 1815?

See Section "Environmental Requirements: Environmental Review Certification & Notification" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for guidance on this topic.

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

See Section "Environmental Requirements: Environmental Review Certification & Notification" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for guidance on this topic.

9.3 [Updated] What are the Categorical Exclusions under 12 CFR § 1815.110?

See Section "Environmental Requirements: Categorical Exclusion" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for guidance on this topic.

9.4 If the CMF investment supports only the predevelopment phase of a Project and does not finance construction, is the Project subject to environmental review by the CDFI Fund?

Yes, if the Recipient is unable to identify a categorical exclusion for the Project. Any Project that is under consideration for CMF financing/support, regardless of the phase of the Project, is subject to the CDFI Fund's environmental regulations. Prior to the Project Commitment, the Recipient must either determine that: 1) the Project meets one or more of the categorical exclusions listed in 12 CFR § 1815.110 (see Question 9.3), or 2) the Project requires the CDFI Fund to complete an Environmental Assessment. Until the project is determined to be categorically excluded or an Environmental Assessment is completed, CMF Awards may not be Committed to or invested in the predevelopment or development costs of a Project.

10 Program Income and Reinvestment

10.1 What are the requirements for reinvestment of Program Income during the Investment Period?

The CDFI Fund has issued guidance to help Recipients understand reinvestment requirements. It is posted on the Compliance and Reporting webpage for the CMF Program.

The CMF Performance Report calculates the amount of Program Income (PI) that is subject to Project Commitment(s) each year based on the prior year's activity. The following provides the formula for Recipients to track Program Income reinvestment requirements independently:

For Year 1:

PI earned in Year 1 in the form of equity returns, principal repayments, or recoveries
\- Commitments of PI in Year 1
\- $99,999
Net PI Balance required to be Committed in Performance Year 2

For Year 2:

PI Balance from Previous Year
\+ PI earned in Year 2 in the form of equity returns, principal repayments, or recoveries
\- Commitments of PI in Year 2
\- $99,999
Net PI Balance required to be Committed in Performance Year 3

This pattern continues through Year 5 of the Investment Period, depending on the award year. The Recipient should reference their Assistance Agreement to determine when the reinvestment requirements end.

Any Program Income in the form of interest earnings are not subject to the calculation above; however, these funds must be used only to further the Recipient's mission as a Certified CDFI or Nonprofit Organization. See Question 8.2 for information on when interest income must be remitted to the Federal government. Also, note that returns of Leveraged Capital or returns on Leveraged Capital are not Program Income. Therefore, Leveraged Capital returns are not subject to the reinvestment rules.

10.2 When can the CMF Award funds be considered unrestricted?

Recipients should consult their audit or financial accounting advisors as to how CMF Award funds including Program Income should be presented on financial statements. The CDFI Fund cannot provide accounting advice.

10.3 Will invested CMF Awards as well as invested Program Income count towards the Rural PG&M?

Yes, the CMF Award and invested Program Income both count towards the Rural Investment Performance Goal.

10.4 [Updated] Can Program Income be used for Projects outside of an approved geographic Service Area?

For FY 2021 and subsequent CMF Awards, yes; Program Income is eligible to be used in any State of the United States, the District of Columbia, or any territory of the United States outside of an approved geographic Service Area, if the Program Income is used to finance and/or support approved Affordable Housing, Community Service Facilities, and/or EDA physical structures. However, Recipients should be mindful of Service Area limitations on the use of CMF Awards as set forth in Section 3.2(f) of the Assistance Agreement.

For FY 2016 to FY 2020 CMF Awards, no; Program Income cannot be used outside of the approved Service Area in Schedule 1 of the applicable Assistance Agreement.

10.5 Is Program Income accumulated during the Investment Period subject to environmental review requirements?

Yes, if Program Income is generated in the five-year Investment Period, it is subject to all CMF requirements including environmental review requirements. If the Recipient identifies a new project for which it would like to use the CMF Award or Program Income during a CMF Award's Investment Period but cannot identify a categorical exclusion per Section 6.12(a) of its Assistance Agreement, the Recipient shall complete and submit to the CDFI Fund the Capital Magnet Fund Environmental Review Form, no later than one hundred eighty (180) days prior to the Recipient's Project Commitment Date. If Program Income is generated after the Investment Period, it is not subject to Section 6.12(a).

10.6 Would a Project that is funded exclusively with Program Income and is completed more than 36 months after the Project Commitment Date be considered noncompliant?

Not necessarily. For any Project financed or supported with Program Income (as described in Section 3.8) to be considered compliant, the Recipient shall have either: (a) up to thirty-six (36) months from the time the Project is Committed to obtain Project Completion; or (b) until the Investment Period End Date as provided in Section 3.2(j) of your Assistance Agreement, whichever date is later.

10.7 From an accounting standpoint, if a Project Commitment was transferred from a FY 2021 to FY 2023 CMF Award, is the earned interest on the FY 2021 CMF Award prior to the transfer regarded as Program Income, and to which Award should the earned interest be attributed to?

If funds that were a part of Project Commitment from an FY 2021 CMF Award have earned interest by being placed in an interest-bearing account prior to the Project being transferred to an FY 2023 CMF Award, those funds would be attributed to the FY 2021 Award. Starting with the date the Project was transferred to the FY 2023 CMF Award account, any earned interest (and other Program Income) earned should be attributed to the FY 2023 CMF Award.

Regarding transferring a Project from one Award year to a different Award year:

- For guidance on withdrawing Projects, see FAQs 1.2 and 1.3.
- For guidance on Commitment, see FAQs 1.1 and 1.4.

10.8 Given that terminating a CMF Project financed with any amount of disbursed CMF Award funds is an event of noncompliance that requires a Material Event form, would a terminated Project funded by disbursed Program Income also be noncompliant and require a Material Event form?

Yes, terminating a Project funded by Program Income disbursements would be noncompliant, requiring a submission of a Material Event form to the CDFI Fund.

11 Records Retention

11.1 What 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:

- Documentation that demonstrates compliance with and maintenance of the affordability requirements under the designated Federal program (unless otherwise stated in Presumptively Compliant determinations per the CMF Post Award Policy and Compliance Manual, available at CMF Compliance and Reporting). 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.[3]

- Documentation that establishes adherence to all relevant environmental regulations pertaining to Projects, including a justification for Categorical Exclusion (if applicable).
- Documentation that establishes Family income at the time of Housing Purchase or initial lease, as applicable.
- Loan Guarantee agreements, as applicable.
- Risk-Sharing Loan agreements, as applicable.
- Documentation that the Recipient is in compliance with the terms of any and all regulations being used for all CMF-assisted Projects.
- Documentation that establishes the Project meets the property standards requirements set forth in 12 CFR § 1807.503.
- 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.
- Documentation that the CMF Award has been Committed for Use within two years of the Effective Date. Evidence of Commitment for Use includes adoption of a written Commitment for Use document, such as through a resolution of the board of directors or other authorized official documentation.
- Documentation that Project Commitments for the CMF Award have been made within three years of the Effective Date (FY 2024 and subsequent) or two years of the Effective Date (FY 2016 to FY 2023). Evidence of Project Commitment includes a written, legally binding agreement under which CMF assistance will be provided to a homeowner, developer, or Project sponsor for an identified Project.
- Documentation evidencing an initial disbursement of CMF Award funds for Affordable Housing Activities, and Project Completion by the date specified in the Assistance Agreement.
- Documentation of evidence of a Concerted Strategy for Economic Development Activities, as applicable.

[3] 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 outlined in Section 5.5 of the Assistance Agreement.

- If financing/supporting Homeownership Affordable Housing Activities, the Recipient's board-approved recoupment, replacement and/or resale strategy.

- Any documentation not listed above that supports the data submitted in the Recipient's annual reports.

12 Restrictions and Requirements

12.1 [Updated] Are Recipients bound to the Service Areas designated in their Assistance Agreements?

For FY 2021 and subsequent Awards, Recipients must use no less than 85% of its CMF Award for Projects that finance or support Affordable Housing Activities and/or Economic Development Activities in its Service Area.

Up to 15% of the CMF Award can be used for the following:
1) Direct Administrative Expenses (up to 5% of the CMF Award),
2) (For FY 2024 and subsequent Awards) Feasibility Determination Expenses (up to 5% of the CMF Award), and/or
3) (For FY 2021 and subsequent Awards) To finance or support Affordable Housing and/or Economic Development Projects outside its Service Area.

For example, a Recipient with a $5 million CMF Award must spend no less than 85% (or $4,250,000) on Projects in its Service Area. If the Recipient did not spend any of its Award on DAE or FDE, it could use up to 15 percent (or $750,000) of its Award in one or more Projects outside the Service Area designated in their Assistance Agreement. As an alternate example, if the Recipient spent 5% on DAE (or $250,000), and another 5% (or $250,000) on Feasibility Determination Expenses, it would have 5% (or $250,000) left available to spend on Projects outside its Service Area. [Note that many other combinations of examples meet the requirements in the Assistance Agreement; a Recipient could spend 2% on DAE, 3% on FDE, and 2% on Projects outside its Service Area. The key starting point is that 85% of the Award amount must be spent on Projects within the approved Service Area.]

In addition, Program Income may be disbursed to finance or support Affordable Housing and/or Economic Development Projects anywhere in the United States or its territories.

For FY 2016 to FY 2020 Award Recipients, per Section 3.2(f) in the Assistance Agreement, Recipients must use their CMF Award and Program Income in their approved Service Area.

12.2 What are the activity limitations with respect to using CMF Awards in conjunction with other CDFI Fund program awards? Can other CDFI Fund program awards be counted as leverage for a CMF Award?

The limitations on using a CMF Award with other CDFI Fund program awards are included in the applicable funding round Notice of Funding Availability (NOFA) and Schedule 2 of the Assistance Agreement. Since Affordable Housing and Economic Development Activities result in physical structures, the activity limitation will be implemented on a property-level basis. Housing units resulting from multiple CMF Awards may not be double-counted and must be prorated between Awards for performance reporting purposes.

A CMF Award Recipient may not use its CMF Award and awards/allocations from its other CDFI Fund programs to finance activities for the same property unless the CMF Award dollars are used to finance/support a different "phase" of the development of a Project than that funded by the Recipient's other CDFI Fund program awards/allocations. The separate phases of the development of a Project, as defined in Section 3.5(h) of the Assistance Agreement are: 1) predevelopment; 2) acquisition; 3) site work (preconstruction); 4) construction/Rehabilitation; 5) permanent financing; and 6) bridge financing between two or more phases. For example, financing for construction is a different phase than permanent financing. If the Recipient has received multiple CMF Awards, these awards are not subject to this phasing restriction and may be combined in the same Project, although CMF Units would still need to be prorated between the Awards.

If providing Homeownership assistance, a CMF Award may be used in conjunction with awards/allocations from other CDFI Fund programs only if the Project can be divided into such phases, and the CMF Award is used in a different phase from the other CDFI Fund program awards/allocations. To clarify, a CMF Award cannot be used for a Homeownership property that is permanently financed (or supported) by both the Recipient's CMF Award and an award/allocation from another CDFI Fund program (e.g., down payment assistance funded from CMF Award may not be combined with a permanent mortgage funded from another CDFI Fund program award). The restrictions described above only apply when a Recipient or any of its Affiliates combines its CMF Award with other CDFI Fund awards/allocations.

If a CMF Recipient does use its Award with other CDFI Fund program awards, including its own other CMF Awards, funds from these other awards may not be counted as Leveraged Capital. While the Recipient may combine its CMF Award in each funding round with prior CMF Awards to finance/support the same Project, each CMF Award must separately meet the program requirements as outlined in the applicable Assistance Agreement. Remember, housing units resulting from multiple CMF Awards may not be double-counted and must be prorated between Awards for performance reporting purposes.

In all cases, the CMF Award remains subject to the following restriction imposed by the CDFI Bond Guarantee (BG) Program: award funds received under any CDFI Fund award cannot be used by any participant of the BG Program, including Qualified Issuers, Eligible CDFIs, and Secondary Borrowers, to pay principal, interest, fees, administrative costs, or issuance costs (including Bond Issuance Fees) related to the BG Program, or to fund the Risk Share Pool for a Bond Issue (all capitalized terms used in this sentence, other than "CMF Award," shall have the meanings ascribed to them in the BG Program regulations and applicable guidance).

See the allowed uses and restrictions description in the "Secondary Loan Requirements" documents of the Bond Guarantee Program for more information.

12.3 Is there a limitation on co-investing the CMF Award in the same Project with another CMF Award Recipient?

Multiple CMF Recipients may invest in the same Project, including in the same phase of development; however, they must coordinate to ensure they do not double count units or costs for performance reporting. See FAQ 3.8 for information about prorating EPCs, Leveraged Capital, and CMF Units among co-investors.

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 awards from other CDFI Fund programs in a single fund or program account. Combining multiple award dollars into a single account will make reporting and tracking difficult, raising the risk of a possible 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 a Project. Within a combined fund, the Recipient would need to be able to show that funds from other CDFI Fund programs are not combined in the same phase of a Project, as described in FAQ 12.2.

If a Recipient still chooses to combine all or part of CMF and CDFI-FA awards into one fund, it must establish accounting procedures and internal controls to separately track the 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 FA Awards that are used to finance a Project alongside a CMF Award 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, if other sources of funding from Federal programs contributed to a Project, it 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 Recipient invest its CMF Award to fund Projects not in its Application pipeline or for different purposes than specified in the Application?

Yes, the description of a Recipient's pipeline in its Application is not binding so the Recipient can finance different Projects, as long as they meet the program requirements in the applicable version of the Interim Rule, authorizing statute, and Assistance Agreement. Similarly, the Recipient may deploy CMF Award funds for any Eligible Use and any eligible activities approved in 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 of the Assistance Agreement, can Recipients Commit the CMF Award and pay for Eligible Project Costs incurred 36-months before the date that the CMF Award dollars are Committed to the Project?

Costs may only be treated as Eligible Project Costs if: (1) the costs were incurred not more than thirty-six (36) months before the date that the CMF Award is Committed to the Project and (2) the costs were incurred for a Project that achieved Project Completion on or after the Award Announcement Date.

12.8 What are the requirements to submit a Subsequent Payment request?

The requirements for the Subsequent Payment Request are outlined in the Assistance Agreement (applicable to FY 2021 and future rounds). For Recipients who opt to receive the CMF Award in two Payments, the Initial Payment will be made following the execution of the Assistance Agreement. The Subsequent Payment amount will equal the balance of the total CMF Award not paid as an Initial Payment.

If the entire amount of the CMF Award is not paid at the initial Closing in a Lump Sum Payment, the Recipient must submit a Subsequent Payment Request, which includes a Certificate of Good Standing (COGS) from the Secretary of State, or other issuing State agency, in the Recipient's State of formation dated within 180 days prior to the date the Subsequent Payment Request is made; or an opinion of Recipient counsel as described in Section 3.6(b)(ii) of the Assistance Agreement. Regulated entities are not required to submit a COGS or opinion of Recipient counsel.

Subsequent Payment Requests must be submitted via the Recipient's AMIS Account (or as otherwise directed by the CDFI Fund). All Subsequent Payment Requests must be received by the CDFI Fund no later than the "Date to request Subsequent Payment" specified in Schedule 1 of the Assistance Agreement (10 months from the Effective Date of the Assistance Agreement). All Subsequent Payment Requests are subject to CDFI Fund compliance review and approval.

12.9 Can a Recipient change a Project after it has been Committed for one Award Year to a different Award Year, e.g., from a FY 2019 to a FY 2021 Award?

A Recipient may be allowed to change a Project Committed for one Award Year to a different Award Year to meet its PG&Ms for a particular Award. However, the Recipient must follow the guidance provided in the following FAQs:

- For guidance on withdrawing Projects, see FAQs 1.2 and 1.3.
- For guidance on Commitment, see FAQs 1.1 and 1.4.
- For guidance on using multiple CMF Awards in the same Project, see FAQs 3.8, 12.2 & 12.3.

13 Timelines

13.1 [Updated] What are the key timelines for deploying CMF Award dollars and reporting activities to the CDFI Fund?

Deployment Timelines:

As specified in Schedule 2 – Article IV of the Assistance Agreement, FY 2024 and subsequent Award Recipients are required to:

1) Commit all CMF Award funds to Eligible Uses by no later than the applicable Committed for Use Date, which is two (2) years from the Effective Date of the Assistance Agreement for Recipients choosing the Lump Sum Payment option, or the Initial Payment for Recipients choosing the two-payment option; and three (3) years from the Effective Date of the Assistance Agreement for the Subsequent Payment for Recipients choosing the two-payment option;

2) Commit all CMF Award funds, net the Award amount used for Direct Administrative Expenses and/or Feasibility Determination Expenses, to specific Projects by no later than the applicable Project Commitment Date, which is three (3) years from the Effective Date of the Assistance Agreement (regardless of the Payment option). Also called the Initial Disbursement Date, the Recipient shall make an initial disbursement of its CMF Award to at least one Affordable Housing or Economic Development Activity Project by no later than three (3) years after the Effective Date of the Assistance Agreement; and

    a. FY 2016 to 2023 CMF Awards are subject to the commitment requirements under the former CMF Interim Rule (February 8, 2016), which requires the Recipient to commit the CMF Award to Projects by the Committed for Use Date in their Assistance Agreement, which is two (2) years from the Effective Date of the Assistance Agreement for Recipients choosing the Lump Sum Payment option, or the Initial Payment for Recipients choosing the two-payment option; and three (3) years from the Effective Date of the Assistance Agreement for the Subsequent Payment for Recipients choosing the two-payment option;

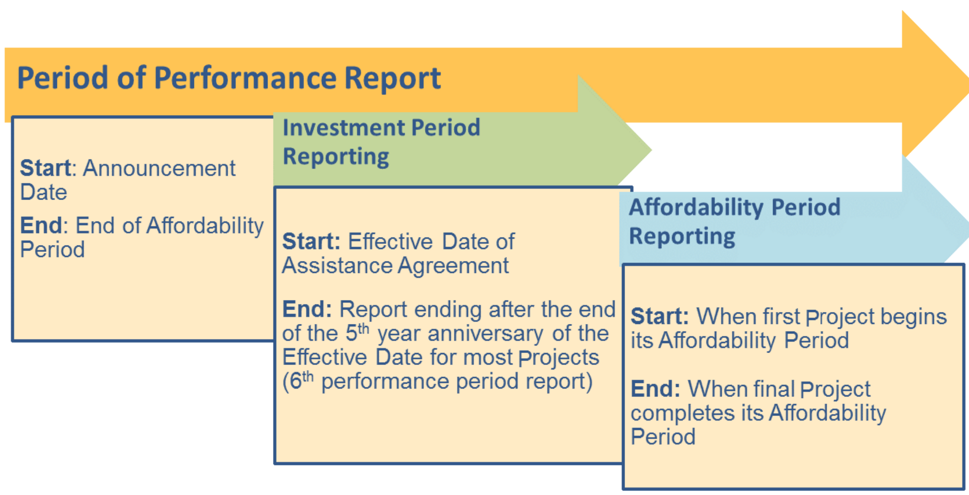
3) Achieve Project Completion with respect to all Projects financed/supported by its entire CMF Award, regardless of the timing of any Payments received, by the Investment Period End Date as set forth in Schedule 1 of the Assistance Agreement, which is five (5) years after the Effective Date of the Assistance Agreement.

Note: There are separate timelines for prior Awards (FY 2016 to FY 2023), as well as timelines associated with the reinvestment of Program Income. The separate commitment dates can be found under Section 1 of the FAQs and reinvestment timelines are outlined in Section 3.8 of the Assistance Agreement.

In addition, per Section 5.5 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 no less than 10 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. Schedule 1-C of the Assistance Agreement sets forth the reporting deadlines.



13.2 Which CMF Awards are governed by the Interim Rule published on June 25, 2024?

Section § 1807.107(a) of the [Interim Rule (effective June 25, 2024)] states: "The regulations of this part are applicable for all uncommitted funds from prior CMF Awards issued as of June 25, 2024, as well as all CMF Awards made pursuant to all Notices of Funds Availability published after June 25, 2024." Uncommitted funds are CMF Awards that the CDFI Fund did not award to Recipients before June 25, 2024. These uncommitted funds are governed by the revised Interim Rule effective June 25, 2024 and their corresponding Assistance Agreements (FY 2024 and subsequent Awards). CMF Funds awarded before June 25, 2024 (i.e., FY 2016 to FY 2023 Awards) are governed by the former February 8, 2016 Interim Rule, and their corresponding Assistance Agreements.

14 Required Notices

14.1 [Updated] In addition to annual reporting, what scenarios require written notification from the Recipient to the CDFI Fund? How are these submitted?

See Section "Notification Requirements: Required Scenarios" of the CMF Post Award Policy and Compliance Manual available on CMF's Compliance Resources and Reporting page for guidance on this topic.

14.2 When and how must the Recipient notify the CDFI Fund of changes to key personnel, as outlined in Assistance Agreement Section 9.9?

Section 9.9 of the Assistance Agreement indicates which changes to key personnel the Recipient must report to the CDFI Fund. The CDFI Fund must be notified if the Recipient replaces its Executive Director, Chief Financial Officer, the Board Chairperson, equivalent leadership official, as well as any other officials identified in the Recipient's Assistance Agreement. The Recipient must notify the CDFI Fund in writing on the Material Events Form submitted via a Service Request in AMIS account within thirty (30) days of occurrence. Use AMIS to submit a Material Events Form. A reference copy of the Material Events Form is available here. Please refer to the CDFI Fund's website for the latest instructions on how to complete and to submit the form.

15 Compliance and Monitoring Contacts and Reporting Requirements

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

The best method for submission of questions regarding post-award matters is through an AMIS Service Request. See the CDFI Fund AMIS – Service Request Quick Reference Guide for more information about submitting a Service Request.

15.2 What are the compliance reports Recipients must submit and when are they due?

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

- **CMF Performance Report** (a single report including the Investment Period & Affordability Period Reports): due three months after the end of the Recipient's fiscal year.

- **Financial Condition Reports**: Annual Financial Audit (not applicable for regulated financial institutions): due six months after the end of the Recipient's fiscal year.
- **Single Audit Report** (if applicable): due nine months after the end of the Recipients fiscal year.
- **Federal Financial Report/OMB Standard Form 425:** due annually on October 15 after the end of each Federal fiscal year during the awards Investment Period only.

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

The best way to find reporting deadlines for scheduled 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.
3. To view all reports, choose **ALL** in the dropdown menu. Click on **GO**. A list of compliance reports that are due is displayed.

Reporting schedules for each Recipient can also be located on Schedule 1-C and Schedule 1-D of the Assistance Agreement. All report due dates are based on the Recipient's fiscal year end date, except the SF-425, which is based on the Federal Government's fiscal year end date.

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), based on the CDFI Certification policies in which they were originally certified. The ACR reports on any changes to criteria supporting the organization's CDFI certification, as well as some additional organizational financial and other data. Under new CDFI Certification standards, Recipients that are Certified CDFIs, whose CDFI Certification status is approved after submitting the new CDFI Certification Application, will be required to submit a Transaction Level Report (TLR) in conjunction with their ACR, to allow the CDFI Fund to evaluate the extent to which Certified CDFIs served their approved Target Market(s).

The AMIS ACR Reporting Schedule displays the due date for the ACR based on the organization's fiscal year end, unless directed otherwise by the CDFI Fund. The ACR Reporting Schedule section is located at the bottom of the Certification Related page in AMIS. Additional information on the AMIS Reporting Schedule can be found in the AMIS Training Manual – Annual Certification and Data Collection Report available on the CDFI Fund's website.

15.3 Where and how are compliance and monitoring reports submitted?

Reporting is completed through the AMIS platform. See the AMIS training guides for Capital Magnet Fund reporting for more information on how to complete required reports. These are located on the CMF Compliance webpage of the CDFI Fund website: Capital Magnet Fund Compliance Resources and Reporting webpage.

15.4 What information do I need to report for the CMF Investment Period?

See the AMIS training guides for Capital Magnet Fund reporting for more information on the information to report. The guides are located on the CMF Compliance webpage of the CDFI Fund website: Capital Magnet Fund Compliance Resources and Reporting webpage.

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. The Recipient shall report to the CDFI Fund the event of resale and/or recoupment and redeployment of the CMF Award. See the AMIS training guides for Capital Magnet Fund reporting for more information on how to complete required reports located on the CMF Compliance webpage of the CDFI Fund website: Capital Magnet Fund Compliance Resources and Reporting webpage.

15.6 What happens when a Recipient fails to achieve a Performance Goal and Measure (PG&M) on its Performance Report?

In the event the Recipient fails to meet a PG&M, the Recipient is deemed noncompliant. Subsequently, the CDFI Fund will issue a notice of noncompliance letter, giving the Recipient time to cure, prior to sanctions being imposed. If the Recipient cures the noncompliance within the given timeframe, the CDFI Fund issues a Noncompliant No Sanctions (NCNS)[4] letter. The Recipient receives and maintains a NCNS status for the Award until the next reporting period, when a determination will be made whether the status remains or should be removed.

If the Recipient fails to cure within the cure period, the CDFI Fund will confirm the noncompliance status and sanctions may be imposed, including but not limited to:

1. De-obligating the remaining CMF Award;
2. Terminating the Assistance Agreement; and/or
3. Barring Recipient for two (2) years from receiving any CDFI Fund award.

[4] Noncompliant No Sanctions compliance status is equivalent to Noncompliance Not in Default (NCND) status within AMIS.

15.7 When submitting a Financial Statement Audit in AMIS, how should we respond to the "Financial and Audit Report Information" questions if we plan to submit a Single Audit later?

Select your organization's situation from the scenarios below as applicable, and please remember to upload the financial statement audits in the "related" tab in AMIS before submitting:

a. If your FSA contains your A-133 (Single Audit) and you are uploading them separately:
    i. Does the FSA Audit include an A-133? Yes
    ii. Will you submit an A-133? Yes
b. If your FSA does NOT contain a Single Audit because the Single Audit has a later due date:
    i. Does the FSA Audit include an A-133? No
    ii. Will you submit an A-133? Yes
c. If your FSA does NOT contain a Single Audit and a Single Audit is not required:
    i. Does the FSA Audit include an A-133? No
    ii. Will you submit an A-133? No

15.8 To determine if a Project is in an Area of Economic Distress, High Opportunity Area, or Rural Area after the initial award year, what dataset should be used?

Recipients should always use the specific dataset published for each award year, available in the CDFI Information Mapping System (CIMS) and published on the CDFI Fund's Compliance Resources and Reporting website. One dataset is used for the lifetime of the CMF Award. For example, when reporting on a FY 2024 award, Recipients will reference back to the FY 2024 dataset throughout their fifteen-year Period of Performance.

15.9 What is a Period of Performance?

The CMF Program Period of Performance begins with the Award Announcement Date, not the Effective date of the Assistance Agreement, and continues until the end of the Affordability Period of the last Project funded by the Recipient under an Assistance Agreement, when all the conditions in Section 9.11 have been met. A Period of Performance can also be used to describe an annual reporting period for the CMF Program. For example, if a FY 2024 Award Recipient's FYE is 12/31, their first annual Period of Performance will cover the Award Announcement Date through 12/31/2024.

15.10 What reporting is required for CMF Awards when no activity has been undertaken during a Period of Performance?

In the early stages of an Award, it is common for a Recipient to have no reportable activity. However, a “No Project Activity Report” is still required. Please refer to section 6.4 of the AMIS – CMF Compliance Guide for all Award Years located on the CMF webpage for Compliance Resources and Reporting to see a description of how to complete and submit a “No Project Activity Report” in AMIS.