**Opportunity Finance Network
Guide to CDFI Program (Financial Assistance and Technical Assistance)
FY2014
v.1 November 15, 2013**

This guide reflects an analysis of the FY2014 Notice of Funds Available (NOFA), Application, online webinars, and related materials. It is intended to support CDFIs' efforts and is not a substitute for a CDFI's own review of the application materials or for the CDFI Fund's documents. OFN may update or reissue this document if the CDFI Fund makes changes, issues clarifications, or provides additional resources.

What's New This Year?

A lot! There's a whole new application, increases in award limits for certain programs, changes in evaluation criteria, and more. The CDFI Fund has included a comprehensive summary in the last tab of the Excel workbook that is a key part of the new application, but these are some of the highlights:

- Rather than the fillable PDF used in prior years, this year's application consists of a Microsoft Word template and interactive Microsoft Excel workbook.

- Applicants in the Small and Emerging CDFI (SECA) category can apply for up to $700,000.

- Applicants for Technical Assistance (TA) can request up to $125,000. However, certified CDFIs are eligible for TA only if they meet SECA criteria and have not received FA awards after the FY2008 round.

- An application for Healthy Foods Financing Initiative FA (HFFI-FA) will be submitted with the FY2014 application, instead of in a supplemental application.

- If a CDFI is providing a loan as match, the Fund will provide the CDFI with a "standard" loan award. To qualify as match, a loan must have a minimum term of three years.

- The CDFI Fund will evaluate Comprehensive Business Plans with "7 P's": Purpose, Products, Policies, People, Partnerships, Performance, and Projections.

- Until a FY2014 appropriations measure is finalized, the Fund is operating under a Continuing Resolution which for purposes of the CDFI program requires that the Fund operate according to policies and priorities established in the FY2012 appropriations law. The final 2014 appropriations measure could extend the FY2012 appropriations law again or make changes that could impact the total funding available to the CDFI program, the matching fund requirements, or any other aspect of the CDFI Fund's FY2014 operations.

Contents

I. THE BASICS: DEADLINES, GRANT AMOUNTS, AND ELIGIBILITY

Key Eligibility Changes in FY2014:
- Increases in maximum award amounts for TA and SECA
- Restrictions on certified CDFIs' eligibility for TA
- Only those CDFIs that have had material events must submit a Certification of Material Events form

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When are the Application Deadlines?
Applications must be submitted through grants.gov by **Midnight ET December 23, 2013.** Fund staff will be available to answer questions about the application and NOFA through 5:00 p.m. ET on December 18, 2013. CDFIs that have had a material event since certification or recertification must submit a Certification of Material Events form by November 22, 2013.

What Kinds of CDFIs are Eligible to Apply?
The Fund has opened this program to Certified CDFIs, Certifiable CDFIs, and Emerging CDFIs.

Certified CDFIs are those currently certified by the CDFI Fund. CDFIs that are currently in a "cure period" for their recertification are not ineligible but must be certified or recertified by June 1, 2014.

Certifiable CDFIs are those organizations that have an application pending with the CDFI Fund or submit a certification application by November 22, 2013. Emerging CDFIs must be able to demonstrate that they can meet certification criteria and be certified by the end of its FY2016.

Certified CDFIs and Certifiable CDFIs can apply for either Financial Assistance (FA), including HFFI-FA, or, in limited cases Technical Assistance (TA) funding, but not both. Emerging CDFIs are eligible to apply for TA funds only. A certified CDFI interested in applying for TA funding must meet the Small and Emerging CDFI Assistance Criteria (see below) and not have received an FA award after the FY2008 round.

How Much Money is Available?
The Notice of Funds Availability (NOFA) states that the Fund expects to have $179 million in funding for Financial Assistance (FA), including the Healthy Foods Financing Initiative (called "HFFI-FA") and Technical Assistance (TA) available to award, subject to an appropriation. Organizations can apply for EITHER FA or TA, depending on eligibility (see *What Kinds of CDFIs are Eligible to Apply?,* above), but not both.

The NOFA states that the Fund expects to devote $3 million in funding to TA-only awards, $15 million in funding to Category I/Small and Emerging CDFI Assistance (SECA), $126 million in funding to Category II/Core applicants, and $35 million for HFFI.

Organizations can request one of:

- Up to $125,000 in Technical Assistance in an application for TA only

- Up to $700,000 in FA for applicants in the Category I/Small and Emerging CDFI Assistance (SECA) group.

- Up to $2 million in Financial for applicants in the Category II/Core group.

Any certified or certifiable CDFI applying under any FA program (CORE or SECA) may also apply for up to $5 million in HFFI-FA.

In FY2009-2011, Congress waived the provision limiting a single CDFI and its affiliates to awards totaling $5 million in a three-year period. That provision is back in effect with the exception of HFFI awards. Because of the previous waiver, the Fund will include awards in the cap calculation that were provided to an applicant beginning with the FY2012 Funding Round, excluding HFFI awards.

What Are the Categories of Financial Assistance Funding?
The Fund will review applications for FA in two categories: Category I/Small and Emerging CDFI Assistance (SECA) and Category II/Core.

To be eligible to apply through the SECA category, a CDFI must either:
- Have begun operations on or after January 1, 2010 OR
- Have total assets less than $5 million ($10 million for community development credit unions or venture capital funds, or $250 million for banks)

Any CDFI that requests more than $700,000 in FA will automatically be evaluated as a Category II/Core CDFI, regardless of age or size.

Category II/Core applicants are all other certified and certifiable CDFIs that meet eligibility requirements.

HFFI-FA is discussed later in this FAQ (*See Section V., "Healthy Foods Financing Initiative"*).

II. THE APPLICATION PROCESS

Key Application Changes in FY2014:
- Replacement of the fillable PDF with an Excel Workbook and Narrative Template
- Separate forms for TA and FA applicants
- Increases in many character and word limits
- FA applicants will upload policies and procedures rather than describe them
- CDFIs will provide their own fiscal year start and end dates
- CDFIs will identify key funders, up to two of which may be contacted by the CDFI Fund
- Guidance is available as a tab inside the Excel Workbook rather than as a separate document

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What Is the Application Like and How is the Application Submitted?

The application is entirely electronic and must be submitted through grants.gov. There are separate documents for FA applications and TA applications.

The CDFI Fund, along with other government agencies, has transitioned to a new system for awards management, and the "System for Awards Management" (SAM) has replaced the "Central Contractor Registration" (CCR). CDFIs must have an active account with www.SAM.gov to submit applications. Please see http://cdfifund.gov/docs/2012/cdfi/SAM%20FAQs.pdf for additional information on SAM.

CDFIs that have previously registered with grants.gov for CDFI Fund applications or to submit other federal applications should verify that their registrations are current and active. CDFIs that have never used the grants.gov interface must register. They should do so NOW, as the NOFA warns that the registration process "can take weeks to complete." Registration requires a valid and current employer identification number (EIN) and a Dun and Bradstreet Universal Numbering System (DUNS) number. (The grants.gov registration will take longer if the CDFI does not already have a DUNS number.)

Although the application will not be submitted through myCDFIFund, the CDFI Fund's internal system, all applicants must have current myCDFIFund accounts so they receive timely communication from the Fund.

What Are the Application Contents?

The CDFI Program Combined Application includes the following components, all uploaded to grants.gov:

- The SF-424 and Applicant Intake Form, fillable PDFs available at grants.gov. These documents collect contact information as well as basic information about the CDFI's market, lines of business, and certification status.
- The Application Excel Workbook appropriate to the program request (FA or TA)
- The Application Narrative Template appropriate to the program request (FA or TA)

- The HFFI-Application Narrative at the end of the FA Application Narrative, for CDFIs requesting HFFI-FA.

The Narrative and Excel Workbook templates are available at http://www.cdfifund.gov/cdfi.

In addition, the CDFI must upload:

- Employer Identification Number (EIN) documentation
- Financial Statements (PDF)
- IRS Form 990
- Resumes of Key Staff
- Organizational Chart

In addition, FA Applicants must include:
- Policies and Procedures
- Matching Funds Documentation

Submission instructions, including required naming conventions for each attachment, are available on the first tab of the respective Application Excel Workbooks.

See the CDFI Fund's webinars on the Narrative and Excel workbook, respectively, at http://treas.yorkcast.com/webcast/Viewer/?peid=7203903318e6464998c0bb54724939501d and
http://treas.yorkcast.com/webcast/Viewer/?peid=13393f4fdbc944dbba5898cfe36a0ed71d

The specific elements of the application materials are described more fully in Part IV, Evaluation of Applications. CDFis should be sure to answer all questions fully and completely.

III. FUNDING USES AND MATCH REQUIREMENTS

Key Matching Funds Changes in FY2014:
- Award of loan match with a "Standard" loan product.
- Required documentation of contributions and grants of less than $50,000 on a new worksheet in the Application Excel Workbook

What Are the Matching Funds Requirements?
There are no matching funds required for Technical Assistance Funding.

The FY2012 Appropriations law waived matching funds requirements for SECA and NACA applicants. The Fund is proceeding with the FY2014 CDFI program under the policies outlined in the FY2012 law, but Congress may change this provision when it approves a final appropriations bill for FY2014.

FA/Core Applicants (requests for more than $700,000) must match each dollar of FA with one dollar of funds from non-federal sources. Matching funds must come from non-federal sources but can come from other government sources (state or local). Matching funds do not have to be used for the same purposes as a CDFI Fund award, though they must promote the CDFI's business plan.

The CDFI Fund will not consider any Core/FA applicants with no matching funds by the application deadline. See the guidance on Tab 12 of the FA Application Excel Workbook for the specific requirements for documenting match. Applicants for this FA must:

- Have matching funds equal to at least 50% of its FA request in-hand or firmly committed between January 1, 2012 and December 23, 2013; and
- Obtain the remainder of the matching funds by January 15, 2015.

The match must be "comparable in form and value" to the requested FA—matching loan with loan and grant with grant. This year, if a CDFI provides a loan as match the CDFI Fund will make ALL loan awards in the form of a "Standard" loan product of a 13-year loan with semi-annual interest-only payments due in years one through ten, and fully amortizing payments due each year in years 11-13. The loan's interest rate will be 1.95%.

All CDFIs may use retained earnings to satisfy the match requirements; "retained earnings" is defined generally as an increase in net assets from year to year. There are separate calculations for for-profit, non-profit, and credit union applicants using these funds to meet the match requirements. See the retained earnings guidance and retained earnings calculator on Tabs 15-16 of the FA Application Excel Workbook for additional information.

For more information on matching funds, see the webinar at
http://treas.yorkcast.com/webcast/Viewer/?peid=f62421db073c4e61b817e480f5c7e2db1d

For additional information on the use of retained earnings as match, see the webinar at
http://treas.yorkcast.com/webcast/Viewer/?peid=9f98ec9909eb47d9977df8aad0585bfa1d

At this time SECA applicants are not required to provide match funding. If the final appropriations bill changes that requirement, SECA applicants will be provided with the opportunity to submit matching funds documentation.

Who Can Apply for Technical Assistance and What Can it Be Used for?
Certifiable CDFIs, Emerging CDFIs, and certified CDFIs meeting certain conditions (*see The Basics: What Kinds of CDFIs Are Eligible to Apply*? In Section I) may apply for up to $125,000 in Technical Assistance (TA). An organization that applies for TA Funding may NOT submit an application for FA funding or HFFI Funding.

TA Funding can be used for:

- Salaries and fringe benefits
- Professional services (consulting)
- Travel
- Training
- Equipment

CDFIs cannot use TA funding for construction, for fundraising, or for advertising.

TA grants cannot be expensed prior to the execution of an Assistance Agreement, and generally the CDFI must use all funds and complete all TA activities within 24 months of receipt of the TA funds.

Who Can Apply for Financial Assistance and What Can It Be Used For?
Only certified and certifiable CDFIs may apply for Financial Assistance (FA). A CDFI that applies for FA MAY NOT also apply for TA, either separately or as part of an FA application. The Fund awards FA as loans, grants, equity investments, and credit union shares. Permitted uses of FA include:

- Financial products
- Financial services
- Development Services
- Loan loss reserves
- Capital reserves

FA awards may be used for administrative funds to carry out any of the five eligible uses. See the CDFI Fund's glossary at
http://www.cdfifund.gov/docs/2012/cdfi/FY%202012%20CDFI%20and%20NACA%20Programs%20Application%20Glossary.pdf for additional information on the activities included in each of the eligible uses.

CDFIs may use FA funds flexibly in support of their business plans and strategies. Award agreements in recent funding rounds, including the FY2012 and FY2013 awards, included requirements to demonstrate that an amount equal to at least 85% of the total Financial Assistance award amount has been deployed to its Target Market in Financial Products, Financial Services, similar financing activities over the three year reporting period. This "deployment goal" is not the same as requiring an applicant to deploy 85% of its Fund award into financial products and services and is a separate obligation from using the award from eligible uses. The loans and investments may be made from any source, and the CDFI Fund award used for any eligible use in any proportion, so long as the CDFI meets the deployment goal.

IV. EVALUATION OF APPLICATIONS

> **Key Evaluation Changes in FY2014:**
> 📊 Replacement of prior evaluation categories with "7 P's:" Purpose, Products, Policies, People, Partnerships, Performance, and Projections

How Will Applications Be Evaluated?

The Fund will score applications in seven categories: Purpose, Products, Policies, People, Partnerships, Performance, and Projections. Each "P" has a corresponding section of the Narrative Template and tab in the Excel Application Workbook. The application will be evaluated on a "holistic" view of the applicant's case that the award will affect both the CDFI and the people and communities it serves.

The FA and TA applications ask for the same general information in each section. In the TA Narrative Template, a final question in each section asks the applicant to describe the TA request related to that part of the application. If a CDFI or emerging CDFI is not requesting TA relevant to that part of its business plan, it does not have to include a response to that question.

An organization can score up to 100 points on the application; the potential points in each section vary according to the type of assistance for which the organization applies, according to the following chart:

Section	TA Applicants	FA Applicants
Purpose/Proposal	15	10
Products	10	10
Policies	10	10
People	15	10
Partnerships	5	10
Performance	30	40
Projections	15	10

What Information is in Each Section?

Purpose includes a summary of the CDFI's specific situation: its strategic goals and the needs and challenges of its target market, and a description of the way that the CDFI Fund's award would help achieve those goals and serve the target market. This section includes Questions 1.1 and 1.2 (FA and TA) in the Narrative and Tab 4, the Award Request Table, in the Excel Workbook.

Products describes the CDFI's products and services, both financial and development. It includes an analysis of the market demand for the CDFI's products and services, its competition, and its marketing and outreach efforts. This section includes Questions 2.1-2.8 (FA) or 2.1-2.7 (TA) in the Narrative and Tab 5, Products, in the Excel Workbook.

Policies includes the spectrum of a CDFI's existing or proposed policies and procedures for underwriting, risk management, management information systems, and accounting and grants management. This section includes Questions 3.1-3.3 (FA) or 3.1-3.11 (TA) in the Narrative and Tab 6, the "Table of Contents" Policies (FA) or Tab 5, "Product Design" (TA) in the Excel Workbook. However, instead of describing policies in detail in the narrative, the CDFI will upload its policies and procedures and provide reference (by page number) to specific policies in the Excel Workbook.

People highlights the capacity of the staff, board, and other volunteers who execute the CDFI's strategies. CDFIs are limited to including five key staff in this section. There are no Narrative questions with this section in the FA Narrative; there is a question in the TA narrative only if the TA request is related to building staff and Board capacity. The section includes abbreviated biographies of key staff and of board members, and descriptions of committees, on Tab 7 of the Excel Workbook. CDFIs will also upload resumes of key staff and an organizational chart.

Partnerships includes the CDFI's relationships with its funders and community partners, including its capitalization track record, its coordination with other organizations, and the connections between these partnerships and the information described in the *Purpose* section. This section includes Questions 5.1-5.7 (both FA and TA) in the Narrative and Tab 8, the "Funders Table" in "Partnerships" in the Excel Workbook.

CDFIs whose activities are part of a broader neighborhood revitalization strategy and/or that target marginalized or isolated populations will be scored more favorably in this section of the application, though the Fund does not specify how it will assess that factor.

Performance assesses a CDFI's financial health and strength and organizational performance. It includes the CDFI Fund's "Minimum Prudent Standards" for financial performance, and a discussion of the factors that contributed to a CDFI's meeting or not meeting each ration. It also includes the CDFI's own internal financial health and performance management goals. On the organizational performance side, the CDFI will describe its activities and impact. This section includes Questions 6.1-6.8 (both FA and TA) in the Narrative and Tabs 3-Input Sheet and 9, Performance, in the Excel Workbook. The CDFI will also upload its audited financial statements for the last three years and internally generated financials for the most recent quarter. The Fund will also consider the Prior Awards Chart provided in the Applicant Intake Form.

Projections are somewhat self-explanatory—the CDFI's financial and activities projections for the next three years. The narrative portion of this section includes a discussion of the alignment of the projected activity with the *Purpose,* the rationale behind the projections, and the use of the CDFI Fund award in achieving the projections. This section includes Questions 7.1-7.4 (both FA and TA) in the Narrative and Tab 10, Projections, in the Excel Workbook.

How Are Applications Reviewed and Scored?
TA-only, SECA, and Core applications will be ranked and assessed separately.

Applicants in each category will be ranked from highest to lowest. In the case of tied scores, Applicants will be ranked first according to each Performance score followed by the Purpose score. The Fund may consider the institutional and geographic diversity of the applicants in making funding decisions, as well as commitment to persistent poverty areas.

What Characteristics Will Competitive Applications Demonstrate?
Based on OFN's analysis of past awards and longtime review of documentation, successful applicants should, generally:

- Demonstrate sound understanding of their target markets, have developed or proposed appropriate products and services that meet demand in that market, and, in the case of previous awardees, expand the products, volume, or target market.
- Make a persuasive argument that the Fund's resources will enhance the organization's impact on its target market.
- Be able to track and document impacts and outcomes consistent with the organization's goals and mission.
- Have a Board and staff with the capacity and expertise to manage the organization's financial resources, increase its impact, and fulfill its strategy.
- Meet the Fund's Minimum Prudent Standards for financial performance, or adequately explain deficiencies and plans to correct them; and overall demonstrate sound financial management.
- Outline steps being taken to address the organization's weaknesses, and clearly link requests for TA funding to appropriate goals in the comprehensive business plan.
- Ensure that information in charts is consistent with information in narrative sections, adhere to character limits, and use narratives to supplement rather than repeat information in charts.
- Provide information answering all questions in each section of the application.
- Be in compliance with Assistance Agreements for previous awards.

What Should Previous Awardees Take into Account?
Prior winners of CDFI Fund awards should be sure to make a strong case for the additional impact that further Fund resources would provide. They should also clearly demonstrate their track record of effectively using CDFI Fund resources.

The Fund will deduct points from a previous awardee's overall score if:
- The Awardee is non-compliant with its Assistance Agreement.
- The CDFI failed to make timely loan payments in its last two fiscal years
- The CDFI incurred de-obligation of FY2010, FY2011, or FY2012 awards
- A court, administrative body, or government agency has made a final determination in the last three years that the CDFI has discriminated on the basis of race, color, national origin, disability, age, marital status, receipt of income from public assistance, religion, or sex.

Previous awardees are **ineligible** for funding in this round if:

- they have an undisbursed balance of more than 5% of previous fund awards (not including FY2012 and FY2013 awards)
- reports are not current.
- they are in default of a current assistance agreement.

What Are the Obligations of Successful Applicants?

Applicants that receive funding will develop Assistance Agreements with the Fund that spell out the approved target market to be served and the performance goals and financial covenants to be met with the award. FA awardees will have a three-year assistance agreement, and TA awardees will have a two-year assistance agreement.

Awardees must also complete institution-level and transaction-level reports, most through the CDFI Fund's online tracking and reporting system. CDFIs must account for and track the use of FA and TA awards, and will likely need to set up separate administrative and accounting controls for which the Fund will provide guidance.

V. HEALTHY FOODS FINANCING INITIATIVE

Key Changes in HFFI-FA for FY2014:
The HFFI-FA application is part of the overall FA application submitted along with the FA application in December, rather than a separate supplemental narrative completed at a future date

Who Is Eligible to Apply for HFFI-FA Funding, How Much is Available, and What Can It Be Used For?

Any certified or certifiable CDFI may apply for HFFI-FA. HFFI-FA will be provided as a *supplement* to FA awards, and so only those applicants that have been selected to receive FA awards will be eligible for HFFI-FA. The Fund expects to have a total of $35 million available. Approximately 20 percent of HFFI-FA funding will be targeted to SECA applicants. Only those applicants that have been selected to receive an FA award will be eligible for HFFI-FA. All applicants, whether competing for FA in the Core or SECA category, may request up to $5 million in HFFI-FA.

A CDFI must use HFFI-FA for its own activities and may not pass the funds through to other entities, including affiliates or subsidiaries. The Fund may place restrictions on the use of HFFI-FA funding for capital reserves or operations (i.e. it may require that HFFI-FA awards be used primarily for financing).

How Do CDFIs Apply for HFFI-FA?

The HFFI-FA application is part of the FA application. CDFIs applying for HFFI-FA should complete the HFFI-FA Application Narrative Template and the HFFI-FA Matching Funds Breakout

and HFFI-FA Persistent Poverty Commitment information in the Application Excel Workbook, and attach HFFI-FA Matching Funds documentation.

How Will HFFI-FA Applications be Evaluated and Scored?
HFFI-FA applicants will be rated and scored separately from FA, based on HFFI-FA questionnaire responses. The HFFI Application has seven sections: HFFI Target Market Profile, Healthy Food Financial Products, Healthy Food Financing Development Services, Projected HFFI-FA Activities, Track Record, Management Capacity for Providing Healthy Food Financing, and Healthy Food Financing Outcomes.

CDFIs should discuss their HFFI strategies in this section of the application, not in the FA applications. The materials do not include specific scoring criteria for the selection of HFFI-FA awardees, saying only that applicants will be evaluated "among other elements," on the extent of community need, the quality of their HFFI-FA strategy, and their capacity to execute that strategy.

HFFI Awardees will be required to ensure that the equivalent of 100% of an HFFI-FA award is deployed to Healthy Foods Financing in the target market, and that 75% or the equivalent of the award is used to finance healthy food retail outlets in food deserts in the target market.

What are the HFFI-FA Match Requirements?
All HFFI-FA awards must be matched with non-federal funding at a 1:1 ratio, comparable in form and value to the HFFI-FA award, if Congress does not waive matching funds requirements (*see "What Are the Matching Funds Requirements?" in Section III.).* The application anticipates that matching funds will be required and calls for applicants to demonstrate that it has at least 75 percent of the HFFI-FA amount requested in-hand or firmly committed between January 1, 2012 and December 23, 2013. The CDFI must secure 100 percent of the HFFI match by January 15, 2015. Unlike the FA program, the match requirement is **NOT** waived for SECA applicants to HFFI.

See the HFFI-FA webinar at
http://treas.yorkcast.com/webcast/Viewer/?peid=c02fd99a75a6439db1b98690793edcba1d for more information on the HFFI_FA round and application.

VI. MORE INFORMATION

The CDFI Fund has developed separate short webinars for various aspects of the application, including and overview, reviews of the Narrative Template and Application Excel Workbook, details on matching funds, and HFFI. Those webinars, as well as the NOFA and application materials, are available at http://www.cdfifund.gov/cdfi.

The Fund will also hold a number of live webinars for interested applicants. Registration is not required for these events. A calendar is available at
http://cdfifund.gov/docs/2014/CDFI/2014%20Q&A%20Webinar%20Access%20Table.pdf

For programmatic support, CDFIs should contact the Fund at cdfihelp@cdfi.treas.gov or 202.653.0421; for compliance and certification/recertification support, ccme@cdfi.treas.gov or 202.653.0423; for technical support, ithelpdesk@cdfi.treas.gov or 202.653.0300; for grants.gov technical support, 1.800.518.4726.

For questions on this document or other assistance understanding the CDFI program, contact Cheryl Neas at OFN: 215.320.4309 or cneas@opportunityfinance.net.