

UNITED STATES
DEPARTMENT OF
THE TREASURY



Community Development Financial Institutions (CDFI) Fund

FY 2008 NACA Program Training Presentation

CDFI Fund Mission



The mission of the CDFI Fund (the Fund) is to expand the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities in the United States.

Programs and Initiatives



The Fund achieves its mission by directly investing in and supporting Community Development Financial Institutions (CDFIs), Community Development Entities (CDEs), and other financial institutions through the following programs and initiatives:

- Native Initiatives Program
- CDFI Program
 - Financial Assistance (FA) Awards
 - Technical Assistance (TA) Awards
- Bank Enterprise Award (BEA) Program
- New Markets Tax Credit (NMTC) Program

Agenda



- CDFI Fund Organization Overview
- FY 2008 NACA Program
 - Overview
 - Financial Assistance
 - Technical Assistance
 - Comprehensive Business Plan
 - Executive Summary
 - Questions 1 thru 30
 - Application Charts
 - Technical Assistance Proposal
 - Submitting the Application
 - Application Review & Awardee Selection
- Reporting and Compliance
- Reminders
- Questions and Answers

Contact info



Questions?

Email: cdfihelp@cdfi.treas.gov

Definitions



- “Native American Communities” refers to any Native American, Alaska Native, or Native Hawaiian populations, lands or census-equivalent entities (with the exception of State or Tribal Designated Statistical Areas).
- “Native CDFI” is defined as a CDFI with greater than 50% of its activities diverted towards serving Native American Communities.
- “Sponsoring Entity” is an entity that proposes to create a separate legal entity that will become certified as a Native CDFI.

NACA Program: Purpose



- Promote economic revitalization and community development in Native communities.
- Help build the capacity of Native CDFIs to serve Native communities.
- Leverage CDFI Fund resources.

Use of Funds



Financial Assistance Award Uses

- Financial Products
- Loan Loss Reserves
- Capital Reserves
- Operations

Technical Assistance Award Uses

- Personnel (Salary)
- Personnel (Fringe Benefits)
- Training
- Travel
- Professional Services
- Materials / Supplies
- Equipment and Other Capital Expenditures
- Other Costs

NACA Program



- FA awards primarily to support financing needs.
 - 1:1 match requirement (form and amount)
 - FA awards cap: \$500,000 per award
- TA grants to support organizational capacity building needs.
 - No match requirement
 - TA grants cap: \$150,000 per award

Applicant Types



- Type 1: Certified/Certifiable Native CDFI
 - Already certified or immediately eligible for certification.
- Type 2: Emerging Native CDFI
 - Able to become certified within two years of award.
- Type 3: Sponsoring Entity
 - Will create a separate legal entity within two years of award. New entity will continue to become a certified Native CDFI within three years of award.

Applicant Type



Type of Applicant	Eligible Awards
Certified/Certifiable Native CDFI <i>Type 1</i>	FA and/or TA
Emerging Native CDFI <i>Type 2</i>	TA only
Sponsoring Entity <i>Type 3</i>	TA only



Financial Assistance Awards

FA Applicant Eligibility Factors



FA awards are available to:

- **Certified CDFIs:** certification by the Fund has not expired or been terminated by the Fund.
 - Must submit a Certification of Material Event form by **Wednesday, December 5, 2007**.
- **Certifiable CDFIs:** entities that are not certified, but currently meet all seven certification requirements.
 - Must submit Certification Application by **Wednesday, December 5, 2007** and become certified before entering into an Assistance Agreement.

Contact the Fund with questions about the Certification Application by **Monday, December 3, 2007**.

CDFI Certification: Criteria



An entity must meet all of the following requirements to be certified as a CDFI:

- Be a **Legal** existing entity,
- Have a **Primary Mission** of promoting community development,
- Be a **Financing Entity**,
- Primarily serves principally an eligible **Target Market**.
- Provide **Development Services** in conjunction with its financing activities,
- Maintain **Accountability** to its defined Target Market.
- Be a **Non-Governmental Entity**, and not be controlled by any governmental entities.



Matching Funds

Matching Funds



- Matching Funds are required for all FA awards.
- Eligible Matching Funds window begins:
 - January 1, 2006.
- All Matching Funds must be In-Hand by:
 - March 14, 2009.
- Three categories of Matching Funds:
 1. In-Hand;
 2. Firmly Committed; and
 3. To Be Raised.

Matching Funds



FA Applicants:

- Matching Funds equal to 25% of requested award In-Hand or Firmly Committed from January 1, 2006 to December 19, 2007.
- Certified or certifiable Native CDFIs only

Matching Funds



Documentation and Other Requirements:

- Matching Funds Data Chart
 - Chart A in the Application Charts Excel Workbook
- Documentation:
 - **In-Hand:** copy of executed documentation showing (i) the form of match, and (ii) that the match was disbursed.
 - **Firmly Committed:** written documentation evidencing that the Applicant has entered into or received a legally binding commitment.
 - **To Be Raised:** letters of interest or documentation demonstrating the likelihood of raising match by March 14, 2009.
 - Matching Funds documentation should be well labeled and organized in application materials. See application for additional guidance.

Matching Funds



- Must be comparable in form: grant to grant, loan to loan.
 - Fund does not match in-kind contributions.
 - Fund can match Retained Earnings with grant.
- Must be comparable in value: \$1 to \$1.
- Must be from non-Federal sources.
- Must not have been used to match another Federal program.
- Must be disbursed or committed to the Applicant (not an affiliate).

Matching Funds



Using Retained Earnings As Matching Funds:

- Matched as a Grant.
- Complete the Retained Earnings Chart (*Chart B1, B2, or B3 depending on organization type*).
- For Credit Unions using Since Inception: Need to show growth of shares or loans equal to 25% of requested FA Award between December 2006 and December 2007 reporting periods.



Technical Assistance Awards

TA Awards



- A TA Award allows a Native CDFI, an entity proposing to become a Native CDFI, or an entity proposing to create a Native CDFI to build its capacity to serve Native communities.
- TA does not require Matching Funds.
- **Maximum TA Award: \$150,000**



TA Awards are available to:

- Certified or Certifiable Native CDFIs
- Emerging Native CDFIs
 - Entities that do not currently meet all seven certification requirements, but demonstrate a reasonable plan to become certified by December 31, 2010.
- Sponsoring Entities
 - Entities that propose to create a Native CDFI with a reasonable plan to create a separate entity that will become certified by December 31, 2011.



Comprehensive Business Plan (CBP)



The 4 C's of a Good Application:

- Concise
- Complete
- Correct
- Calendar Conscious – Do not be LATE!

Comprehensive Business Plan



SCORING	Maximum Points
Executive Summary	Not Scored
Market Analysis	25 points
Business Strategy	25 points
Community Development Performance & Effective Use	20 points
Management	20 points
Financial Health and Viability	10 points
Technical Assistance Proposal	Not Scored

Executive Summary

Questions 1 – 30

Application Charts

Executive Summary



Key Components:

- Mission & Vision of the Organization
- Highlights of the Comprehensive Business Plan
- How will you use an FA Award?
- What is your Certification Status? If Emerging, what is your plan for achieving Certification?
- Applicant Profile

Market Analysis



Narrative:

1. Briefly describe the Applicant's current or proposed Target Market.
2. Describe the need for the CDFI by providing a sense of the financial marketplace currently available to the community.
3. Discuss the demand for the Applicant's Financial Products, Development Services, and/or Financial Services within the Target Market.
4. Address areas needing improvement and, if applicable, justify requested TA items that will help.

Business Strategy



Narrative:

5. Describe the Applicant's Financial Products and Financial Services.
6. Describe the Applicant's Development Services.
7. Describe the Applicant's marketing, outreach, and delivery strategy.
8. Discuss the Applicant's collaboration, coordination, and partnerships.
9. Address areas needing improvement and, if applicable, justify requested TA items that will help.

CD Performance / Effective Use



Narrative:

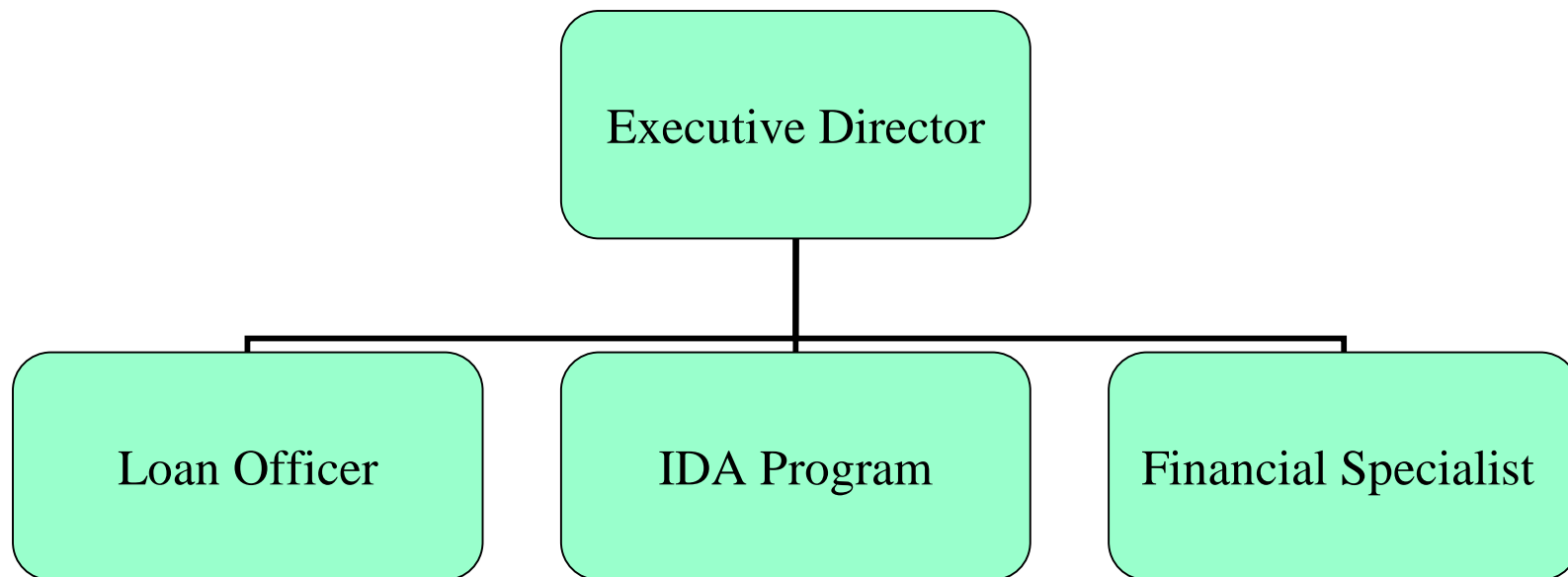
10. Describe the Applicant's community development objectives and how progress toward those objectives is measured.
11. Describe the Applicant's track record of providing Financial Products, Development Services, and/or Financial Services.
12. Discuss how the requested award will enable the Applicant to build its capacity as a CDFI.
13. Discuss why the Applicant should receive a Fund award given the Fund's limited resources.
14. Discuss prior Awards.
15. Address areas needing improvement and, if applicable, justify requested TA items that will help.

Management



Charts and Attachments:

- Organizational Chart
- Biographies of key board members (*e.g., Board chair, advisory board, key committees, etc.*)
- Current resumes of management, key staff, and consultants.



Management



Narrative:

16. Describe the capacity, skills, size and experience of the Applicant's current and/or proposed governing board.
17. Describe the capacity, skills, and experience of the Applicant's current and/or proposed management team and key staff.
18. Describe the Applicant's underwriting policies and procedures.
19. Describe the Applicant's portfolio monitoring policies and procedures.

Management



Narrative *(continued)*:

20. Describe the Applicant's financial and risk management policies and procedures.
21. Describe the Applicant's Management Information System (MIS).
22. Discuss the extent to which the Applicant has in place the systems and procedures to ensure ongoing compliance.
23. Describe any plans in place or being developed for the Applicant to merge with, acquire, or be acquired by another entity.
24. Address areas needing improvement and, if applicable, justify requested TA items that will help.

Financial Health and Viability



Charts and Attachments:

- Financial Data Input Chart (*Chart F1, F2, or F3 depending on organization type*)
- Financial Statements for the 3 most recently completed fiscal years
- Loan Portfolio Quality Chart (*Chart G*)
- Equity Investment Portfolio Valuation Chart (*Chart H*)

Financial Health and Viability



Narrative:

25. Explain which Financial Statements were included with the Application, (audited, reviewed, internally prepared). Explain major discrepancies from chart entries.
26. Provide key assumptions underlying the projections for the projected three years (FY 2007-FY 2009) identified in the Financial Data Input Chart (F1,F2, or F3).

Financial Health and Viability



Narrative *(continued)*:

27. Financial Ratios: Capital, Asset-Liability Management, Deployment, Self-Sufficiency, Operating Liquidity, Earnings
28. Portfolio Management Ratios: Portfolio-at-Risk, Loan Loss, Loss Reserve
29. Equity Investor Financial Health. *(Only Applicable to Venture Capital Funds)*
30. Address areas needing improvement and, if applicable, justify requested TA activities that will help.

Application Charts



- A. Matching Funds Data Chart
- B. Retained Earnings Calculators *(3 versions)*
- C. TA Request Summary Chart
- D. Activities Level Chart
- E. Community Development Impact Chart
- F. Financial Data Input Chart *(3 versions)*
- G. Loan Portfolio Quality Chart
- H. Equity Investment Portfolio Valuation Chart



Technical Assistance Proposal (TAP)

TA Award Request



- All uses of TA must support one of the key sections of the Comprehensive Business Plan (CBP) or the Applicant's ability to meet a certification requirement (if applicable).
- TA Award Ceiling: \$150,000.
 - The Fund will not make a TA award over this amount.
- Generally, all TA awards must be used within 24 months of the Effective Date of the Assistance Agreement.

TA Award Request



Three Components of a TA Request:

- **Completed TA Budget** (*Chart C*) – Snapshot list of requested items with total amount \$ for each.
- **Technical Assistance Proposal** (*first box in CBP template*) – Provides overall justification for TA request. Describes each item and calculation in detail.
- **CBP TA Questions** (*connect each TA request to at least one CBP component*) – Applicant ties individual TA requests to CBP component.

TA Award Request



TA Budget Proposal: Budget Chart

- Snapshot list of requested items with cost calculations.

C. TA Budget Chart			
Identify all items and / or tasks to be financed with the TA grant.			
Requested TA may not be expended prior to execution of a Notice of Award.			
A. Personnel (Salary)			
Under Name, list the staff person's name for which salary is requested...			
Name	Position	Computation	Cost
John Smith	Executive Director	10% of annual salary of \$60,000 for time spent developing marketing plan for new loan product.	6,000
Abby Jones	Loan Officer	50% of annual salary of \$45,000 for two years for time spent developing new loan product, underwriting new loan product, and other lending related activities.	24,500
Personnel (Salary) Sub-Total:			<u>\$30,500</u>
D. Travel			
List each travel expenses by purpose ...			
The following type of travel policies will be used by the applicant			own
Purpose of Travel	Location	Computation	Cost
Homebuyer Counseling Certification Course (NeighborWorks)	Waco, TX	2 attendees * \$300 (airfare) + \$30 (per diem for 5 days)	\$900
Business Lending Workshops (ABA)	New York, NY	1 attendee * \$440 (airfare) + \$30 (per diem for 4 days)	\$560
Travel Sub-Total:			<u>\$1,460</u>

TA Award Request



Technical Assistance Proposal: Narrative

- Begins with a summary of the organizational improvements needed to achieve the CBP
- Addresses how the requested TA will facilitate improvements.
- Includes one paragraph per line item on the TA Budget Chart describing:
 - The requested use.
 - How the use will improve Applicant's capacity.
 - How each requested amount was calculated.
 - A timeline of when the activity/purchase will be completed.*

**(Should not be schedule before the Notice of Award – Applicants may assume a NOA date of June 2008).*

TA Award Request



Comprehensive Business Plan TA Questions

- Acknowledge areas needing organizational improvement, whether or not requesting a TA grant.
- Reference TA request items from TA Budget Chart – category and amount.
- Explain how each TA item will improve capacity.

(see TA Booklet for more specific guidance and examples)

TA Award Request



Eligible TA Uses

- Personnel (Salary)
- Personnel (Fringe)
- Training
- Travel
- Professional service costs:
 - Consultants
 - Contractors
- Materials and Supplies
- Equipment and other capital expenditures
- Other



Personnel – Salary

- Compensation of employees salary for duties related to the purpose of award.
- Salary expenses for up to 2 years.
- Narrative & numerical description of salary computation required.
- Names of personnel (required if current staff).
- Resume or position description required.



Personnel – Fringe

- Compensation for fringe benefits for employees listed under the Personnel Salary line item.
- Narrative & Numerical description of benefits computation required.
- Fringe benefits on overtime hours are limited to FICA, worker's compensation, and unemployment compensation.

Eligible Uses of TA



Training

- External training for staff, volunteers, and/or board members.
- Training should be related to CBP plan.
- Training event and/or conference should be identified.
- Expenses may include tuition, fees, materials, and textbooks.
- Narrative & numerical description of training cost computation required.

Eligible Uses of TA



Training - *examples*

- Organizational development classes
- Lending or underwriting workshops
- Shadowing or internship with another CDFI
- CDFI mission related conferences and/or workshops.

Eligible Uses of TA



Travel

- Air, train, and/or bus fare
- Lodging
- Mileage
- Rental Car
- Taxi
- Per Diem
- Narrative & numerical description of travel cost computation required.
- Travel policy (organizational or federal)

Eligible Uses of TA



Professional Services – *consultant*

- Individual who provides professional advice or service.
- Resume, attached.
- Maximum ES-4 level, see www.opm.gov
- Narrative & numerical description of consultant cost computation required.

Eligible Uses of TA



Professional Services – *consultant*

Examples of services:

- Develop a strategic plan
- Conduct market research or product feasibility analysis
- Develop job descriptions
- Develop capitalization plan



Professional Services – *contractor*

- Competitive process to procure a good or service.
- Scope of Work for all contractors.
- Identify entity – if known at time of Application – meaning individual, company, corporation or business.
- All costs including personnel, compensation, travel, materials should be included in contract price.
- Narrative & numerical description of contractor cost computation.
- Procurement policy (organization or federal)

Eligible Uses of TA



Professional Services – *contractor*

Examples of goods/services:

- Conduct financial audit
- Procure information technology services
- Develop publications
- Develop policies and procedures for: lending, underwriting, risk management, or personnel



Materials and Supplies

- Expendable equipment costing less than \$5,000 and useful life of less than two years.
- Examples: office supplies, postage, calculators, brochures, handheld tape recorders, in-house training materials



Equipment

- Non-expendable items (tangible property) with a useful life of more than two years and/or acquisition cost of \$5,000 or more per unit.
- Items costing less than \$5,000 can be included if recognized as a capital asset.
- Narrative & numerical description of equipment computation.
- Rented or leased items must be included in the contractual line item.

Eligible Uses of TA



Equipment - *examples*

- Laptops
- Personal computers
- Hardware for Internet compatibility
- Database to manage fundraising and investor relations
- Portfolio management software
- Network software

Eligible Uses of TA



Other

- Items are listed by type
- Narrative & Numerical description of computation.
- Example of 'Other' items:
 - Rent
 - Telephone
 - Security
 - Janitorial Services
 - Reproduction
 - Memberships
 - Subscriptions

Ineligible TA Uses



- Awardees are not permitted to use TA funds for any purpose outside of the approved uses as outlined in the assistance agreement without prior approval from the CDFI Fund.
- Any costs for a requested activity incurred prior to receipt of a Notice of Award are ineligible. Applicants may assume Notice of Awards will be sent out no earlier than **September 2008**.

Agenda



Submitting the Application

- **Please start your registration early, submit your application early, and verify the submission is received.**
- Call the Grants.gov support staff for questions about the process. Grants.gov help desk: Via phone 1-800-518-4726 or via email at support@grants.gov. The Grants.gov Contact Center hours of operation are Monday-Friday, 7 a.m. to 9 p.m., Central Standard Time.
- You may contact the CDFI Program helpdesk at 202-622-6355.

Start Early!

- Before you can apply for a CDFI Fund award, your organization must register with Grants.gov.
- The one-time registration process takes several days.
- Download Grants.gov's 2-page summary version of the instructions for "Get Started Now..."
- You can also go directly to the "Get Registered" screen from the Grants.Gov home page to access registration instructions.

Submitting the Final Application Package



- Email Confirmation Steps
 1. Confirmation receipt with tracking number
 - If no receipt immediately call Grants.gov support
 2. Validation Review
 - Verifies virus-free, meets deadline, mandatory fields complete, and correct DUNS and AOR.
 - Takes 24 – 48 hours after confirmation receipt
 3. Validation receipt via email
 - Indicates pass or fail of validation review
 - Save time for this process

Do Not Forget the Paper Attachments



- Send Paper Attachments to BPD with SF-424 as cover:
 - Matching Funds Documentation (as applicable).
 - Financial Statements.*
 - IRS Documentation of EIN.*
 - myCDFIFund Signature Page.*

* You are required to send the originals and four copies of these documents.

(You can print the SF-424 once you have completed it,
but before you have submitted it.)

Submitting Funding Application Deadlines



- **SF-424 and Attachments via Grants.gov:** must be received by **Wednesday, December 19, 2007, 5:00pm ET.**
- **Paper Attachments:** The paper SF-424, Matching Funds Documents, Financial Statements, Organization Chart, Resumes, Statements of Work, and documentation of EIN must be received at the following address by **5:00 pm Friday, December 21, 2007.**
 - CDFI Fund Grants Manager
 - CDFI Program
 - Bureau of Public Debt (BPD)
 - 200 Third Street
 - Parkersburg, WV 26101-5312
 - (304) 480-6088 (Note: Not a toll free number.)

(Applicants are strongly advised to allow at least 2 business days (i.e., not Saturday or Sunday) for overnight delivery to BPD's offices in West Virginia.)

No Exceptions for Late Submission!!!



myCDFIFund Account

myCDFIFund Account



- The Fund's primary mode of communication with awardees.
- Applicants are **REQUIRED** to create a myCDFIFund account.
- Applicants who already have myCDFIFund accounts must update their accounts prior to submitting an Application.



Steps to completing Application Signature Page:

1. Log on to myCDFIFund account.
2. Click Applications (on left).
3. Choose 2008 NACA Signature Page.
4. Follow submitting instructions.

Review Process

Review Process



- Completeness Review.
- Eligibility Review.
- Two-part Substantive Review.
- Selecting Official Award Decisions.
- Grants Management Review.
- Financial Management Award Obligation.
- Award notifications.

Ranking and Awardee Selection



- All NACA Applicants:
 - Must receive minimum number of points in each category.
 - Ranked from highest to lowest, based on each Applicant's cumulative scores for all five criteria categories added together.
 - Selected from the top of the ranking list until available funds are depleted.

Awardee Notification



- Notification via e-mail to the designated Authorized Representative.
- If selected for an award, an Applicant must go to its myCDFIFund account to download and print its Notice of Award.
- Only the Applicant's Account Administrator can access the Notice of Award.



Reporting and Compliance

Key Reporting Requirements



- Annual Report:
 - Institution Level Report.
 - Transaction Level Report.
 - Financial Report.
 - Financial Status Report (269A).
 - Explanation of Noncompliance (if applicable).
 - A-133 narrative statement or audit, as applicable.
 - Use of FA and Matching Funds.
 - Use of TA.
 - Other requirements as applicable.

Performance Expectations



- Expected Performance Goals
 - Operating Liquidity Ratio of 1:1.
 - Maximum Portfolio at Risk of 15%.
 - Equivalent of 85% of award amount for activities in Target Market over 3 years.
 - Non-certified Awardees: become certified as CDFIs.
 - Use all TA by completing TA activities and expending TA award by end of second reporting period.
 - Insured Credit Unions: Maintain acceptable Prompt Corrective Action (PCA) Net Worth Ratio of at least 6%.
 - Insured Depository Institutions and Holding Companies: Tier 1 Leverage Capital of at least 8% and Net Loans & Leases to Deposits Ratio of at least 50%.

Reminders

Deadlines



- Certification of Material Event Form:
 - » Wednesday, December 5, 2007
- CDFI Certification Application:
 - » Wednesday, December 5, 2007
- Last day for Applicant Questions:
 - » Monday, December 17, 2007
- Application Submission via Grants.gov:
 - » Wednesday, December 19, 2007
- Paper Attachments due to BPD:
 - » Friday, December 21, 2007

Contacting Grants.gov



- Application Materials and Submission:

www.grants.gov

- Grants.gov Contact Center:

Support@grants.gov or 1.800.518.4726

Contacting the Fund



- Programmatic Support:

cdfihelp@cdfi.treas.gov or 202.622.6355

- Grants Management Support:

grantsmanagement@cdfi.treas.gov or 202.622.8226

- Compliance Support:

cme@cdfi.treas.gov or 202.622.8226

- Technical Support:

ithelpdesk@cdfi.treas.gov or 202.622.2455

- Legal Counsel Support:

See “How to Request a Legal Review” at

www.cdfifund.gov

Additional Questions



Call or E-mail: **Until Monday, December 17, 2007**

- See www.cdfifund.gov for additional information.



Questions and Answers

***Thank you for attending today's
information session!***