

## DEPARTMENT OF THE TREASURY

## Community Development Financial Institutions Fund

## Notice of Funds Availability (NOFA) Inviting Applications for the Community Development Financial Institutions Program—Core Component

**AGENCY:** Community Development Financial Institutions Fund, Department of the Treasury.

**ACTION:** Notice of Funds Availability (NOFA) inviting applications.

**SUMMARY:** The Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4701 et seq.) (the "Act") authorizes the Community Development Financial Institutions Fund (the "Fund") of the U.S. Department of the Treasury to select and provide financial and technical assistance to eligible applicants under the Community Development Financial Institutions ("CDFI") Program. The interim rule (12 CFR part 1805), most recently published in the **Federal Register** on April 4, 1997 (62 FR 16444), and now revised and published elsewhere in this issue of the **Federal Register**, provides guidance on the contents of the necessary application materials, evaluation criteria and other program requirements. More detailed application content requirements are found in the application packet. While the Fund encourages applicants to review the interim rule, all of the application content requirements and the evaluation criteria contained in the interim rule are also contained in the application packet. Subject to funding availability, the Fund intends to award up to \$50 million in appropriated funds under this NOFA and expects to issue approximately 45 to 65 awards. The Fund reserves the right to award in excess of \$50 million in appropriated funds under this NOFA provided that the funds are available and the Fund deems it appropriate. The Fund reserves the right to fund, in whole or in part, any, all, or none of the applications submitted in response to this NOFA.

This NOFA is issued in connection with the Core Component of the CDFI Program. The Core Component provides direct assistance to CDFIs that serve their target markets through loans, investments and other activities. (These activities generally do not include the financing of other CDFIs. Elsewhere in this issue of the **Federal Register**, the Fund is publishing a separate NOFA for the fourth round of the Intermediary Component of the CDFI Program. The

Intermediary Component provides financial assistance and technical assistance to CDFIs that provide financing primarily to other CDFIs and/or to support the formation of CDFIs.)

**DATES:** Applications may be submitted at any time following November 1, 1999. The deadline for receipt of an application is 6:00 p.m. EST on January 20, 2000. Applications received in the offices of the Fund after that date and time will be rejected and returned to the sender.

**ADDRESSES:** Applications shall be sent to: Awards Manager, Community Development Financial Institutions Fund, U.S. Department of the Treasury, 601 13th Street, NW., Suite 200 South, Washington, DC 20005. Applications sent electronically or by facsimile will not be accepted.

**FOR FURTHER INFORMATION CONTACT:** If you have any questions about the programmatic requirements for this program, contact the CDFI Program Manager. Should you wish to request an application package or have questions regarding application procedures, contact the Awards Manager. The CDFI Program Manager and the Awards Manager may be reached by e-mail at [cdfihelp@cdfi.treas.gov](mailto:cdfihelp@cdfi.treas.gov), by telephone at (202) 622-8662, by facsimile at (202) 622-7754 or by mail at CDFI Fund, 601 13th Street, NW., Suite 200 South, Washington, DC 20005. These are not toll free numbers. Allow at least one to two weeks from the date the Fund receives a request for receipt of the application package. Applications and other information regarding the Fund and its programs may be downloaded from the Fund's web site at <http://www.treas.gov/cdfi>.

**SUPPLEMENTARY INFORMATION:****I. Background**

Credit and investment capital are essential ingredients for creating and retaining jobs, developing affordable housing, starting or expanding businesses, revitalizing neighborhoods, and empowering people. As a key urban and rural policy initiative, the CDFI Program funds and supports a national network of financial institutions that is specifically dedicated to funding and supporting community development. This strategy builds strong institutions that make loans and investments and provide services to economically distressed investment areas and disadvantaged targeted populations. The Act authorizes the Fund to select entities to receive financial and technical assistance. This NOFA invites applications from eligible organizations for financial assistance, technical

assistance, or both, for the purpose of promoting community development activities.

The program connected with this NOFA constitutes the Core Component of the CDFI Program, involving direct financial assistance and technical assistance (TA) to CDFIs that serve their target markets through loans, investments and other activities. Under this Core Component NOFA, the Fund anticipates a maximum award amount of \$2.5 million per applicant. However, the Fund, in its sole discretion, reserves the right to award amounts in excess of the anticipated maximum award amount if the Fund deems it appropriate.

Previous awardees under the CDFI Program are eligible to apply under this NOFA, but such applicants must be aware that success in a previous round should not be considered indicative of success under this NOFA. In addition, organizations will not be penalized for having received awards in previous funding rounds, except to the extent that:

(1) The Fund is generally prohibited from obligating more than \$5 million in assistance, in the aggregate, to any one organization and its subsidiaries and affiliates during any three year period; and

(2) An applicant that is a previous awardee has failed to meet its performance goals, financial soundness covenants (if applicable) and/or other requirements contained in the previously executed assistance agreement(s).

This NOFA is not intended to support Intermediary CDFIs (those CDFIs that primarily fund other CDFIs). Elsewhere in this issue of the **Federal Register**, the Fund is publishing a separate NOFA for the fourth round of the Intermediary Component of the CDFI Program. The Intermediary Component NOFA is issued in recognition of the fact that Intermediary CDFIs can reach specialized niches in their financing of CDFIs that the Fund itself cannot reach as effectively under the Core Component.

**II. Eligibility**

The Act and the interim rule, as revised, specify the eligibility requirements that each applicant must meet in order to be eligible to apply for assistance under this Core Component NOFA. At the time an entity submits its application, the entity must be a duly organized and validly existing legal entity under the laws of the jurisdiction in which it is incorporated or otherwise established. An entity must meet, or propose to meet, CDFI eligibility

requirements. In general, a CDFI and its affiliates must collectively have a primary mission of promoting community development. In addition, the applicant organization must: provide lending or equity investments, serve an investment area or a targeted population, provide development services, maintain community accountability, and be a non-government entity. If an applicant is an insured depository institution holding company or an affiliate of an insured depository holding company, the applicant and its affiliates must collectively meet all of the aforementioned requirements. If an applicant is a subsidiary of an insured depository institution, the insured depository institution and all of its subsidiaries must collectively meet all of the aforementioned requirements.

If the applicant does not meet the CDFI eligibility requirements, the application shall include a realistic plan for the applicant to meet the criteria by September 30, 2002 (which period may be extended at the sole discretion of the Fund). In no event will the Fund disburse financial assistance to the applicant until the applicant can be certified as a CDFI. Further details regarding eligibility and other program requirements are found in the application packet.

### III. Types of Assistance

An applicant may submit an application for financial assistance, TA, or both, under this Core Component NOFA. Financial assistance may be provided through an equity investment (including, in the case of certain insured credit unions, secondary capital accounts), a grant, loan, deposit, credit union shares, or any combination thereof. Applicants for financial assistance shall indicate the dollar amount, form, and terms and conditions of the assistance requested. Applicants for TA under this NOFA shall describe the type(s) of TA requested, the provider(s) of the TA, the cost of the TA, and a narrative justification for their TA request.

### IV. Application Packet

An applicant under this NOFA, whether applying for financial assistance, TA, or both, must submit the materials described in the application packet.

### V. Matching Funds

Applicants responding to this NOFA must obtain matching funds from sources other than the Federal government on the basis of not less than one dollar for each dollar of financial

assistance provided by the Fund (matching funds are not required for TA). Matching funds must be at least comparable in form and value to the financial assistance provided by the Fund. Non-Federal funds obtained or legally committed on or after January 1, 1998, and before August 31, 2001, may be considered when determining matching funds availability. The Fund reserves the right to recapture and reprogram funds if an applicant fails to raise the required matching funds by August 31, 2001, or to grant an extension of such matching funds deadline for specific applicants selected for assistance, if the Fund deems it appropriate. Funds used by an applicant as matching funds for a previous award under the CDFI Program or under another Federal grant or award program cannot be used to satisfy the matching funds requirement.

### VI. Evaluation

All applications will be reviewed for eligibility and completeness. If determined to be eligible and complete, applications will be evaluated by the Fund on a competitive basis in accordance with the criteria described in this NOFA. In conducting its substantive review, the Fund will evaluate the following criteria:

(1) The applicant's ability to carry out its Comprehensive Business Plan and create community development impact (the Ability criterion);

(2) The quality of the applicant's strategy for carrying out its Comprehensive Business Plan and for creating community development impact (the Strategy criterion); and

(3) the extent to which an award to the applicant will maximize the effective use of the Fund's resources (the Effective Use criterion).

In addition, the Fund will consider the institutional and geographic diversity of applicants in making its funding determinations.

#### Phase One

In Phase One of the substantive review, each Fund reader(s) will evaluate applications using a 100-point scale, as follows:

(a) Ability to Carry Out the Comprehensive Business Plan and Create Community Development Impact: 50-point maximum, with a minimum score of 25 points required to be passed on for Phase Two review. The score of the Ability criterion is based on a composite assessment of an applicant's organizational strengths and weaknesses under the four sub-criteria listed below. Such scoring reflects different weighting of the sub-criteria

depending on whether an applicant is a start-up organization or an established organization. The Fund defines a start-up organization as an entity that has been in operation two years or less, as of the date of this NOFA (meaning, for purposes of this NOFA, having incurred initial operating expenses on or after November 1, 1997). For purposes of this NOFA, start-up organizations will not be evaluated under the Ability criterion on their previous community development and financial track records. Instead, start-up organizations will be scored entirely on operational and management capacity.

Under the Ability section of the application, the Fund will evaluate the following four sub-criteria:

(1) Community development track record: 12-point maximum (established organizations only);

(2) Operational capacity and risk mitigation strategies: 12-point maximum (established organizations), 20-point maximum (start-ups);

(3) Financial track record and strength: 12-point maximum (established organizations only); and

(4) Capacity, skills and experience of the management team: 14-point maximum (established organizations), 30-point maximum (start-ups).

Quality of the Strategy for Carrying out the Comprehensive Business Plan and for Creating Impact: 40-point maximum with a minimum of 20 points required to be passed on for Phase Two review. Under the Strategy section of the application, the Fund will evaluate the following four sub-criteria:

(1) The applicant's understanding of its market: 10-point maximum;

(2) Program design and implementation plan: 10-point maximum;

(3) Projections for financial performance and raising needed resources: 10-point maximum; and

(4) Projections for generating, measuring and evaluating community development impact: 10-point maximum.

In the case of an applicant that has previously received assistance from the Fund under the CDFI Program, the Fund will consider whether the applicant will expand its operations into a new target market, offer more products or services, and/or increase the volume of its activities.

Maximizing Effective Use of Fund Resources: 10-point maximum, with no minimum score required to be passed on for Phase Two review. The Fund will consider:

(1) The extent to which the applicant needs the Fund's assistance to carry out its Comprehensive Business Plan; and

(2) The extent of economic distress in the applicant's target market.

In addition, in the case of an applicant that has previously received assistance from the Fund under the CDFI Program, the Fund will consider the applicant's level of success in meeting its performance goals, financial soundness covenants (if applicable) and other requirements contained in the assistance agreement(s) with the Fund, and the benefits that will be created with new Fund assistance over and above benefits created by previous Fund assistance.

#### Phase Two

Once the initial evaluation is completed, the Fund will determine which applications will receive further consideration for funding based on application scores (standardized if deemed appropriate), recommendations of individuals performing initial reviews and the amount of funds available. Applicants that advance to Phase Two may receive a site visit and/or telephone interview(s) conducted by a Fund reviewer for the purpose of obtaining clarifying or confirming information. At this point in the process, applicants will be required to submit additional information, as set forth in detail in the application packet. After conducting such site visits/telephone interview(s), the Fund reviewer will evaluate applications in accordance with the evaluation criteria outlined above and prepare a recommendation memorandum containing recommendations on the type and amount of assistance that should be provided to the applicant.

A final review panel comprised of Fund staff will consider the Fund reviewer's recommendation memorandum and make a final recommendation to the Fund's selecting official. In making its recommendations, the final review panel also may consider the institutional diversity and geographic diversity of applicants (e.g., recommending a CDFI from a State in which the Fund has not previously made an award over a CDFI in a State in which the Fund has already made numerous awards).

The Fund's selecting official will make a final funding determination based on the applicant's file, including, without limitation, reader(s)/reviewer(s) recommendations and the panel's recommendation, and the amount of funds available. In the case of regulated CDFIs, the selecting official will also take into consideration the views of the appropriate Federal banking agencies.

The Fund reserves the right to change these evaluation procedures if the Fund deems it appropriate.

#### VII. Information Sessions

In connection with this NOFA and the NOFA for the Intermediary Component, the Fund will conduct Information Sessions to disseminate information to organizations contemplating applying for, and other organizations interested in learning about, the CDFI Program. Registration is required and registration in advance is preferred. The Fund will conduct 12 in-person Information Sessions, beginning November 8, 1999, as follows:

Atlanta, GA, November 9, 1999;  
Boston, MA, November 15, 1999;  
Chicago, IL, November 8, 1999;  
Cleveland, OH, November 9, 1999;  
Dallas, TX, November 9, 1999;  
Memphis, TN, November 8, 1999;  
Miami, FL, November 8, 1999;  
New York, NY, November 16, 1999;  
Salt Lake City, UT, November 16, 1999;  
San Diego, CA, November 19, 1999;  
San Francisco, CA, November 22, 1999;  
and  
Seattle, WA, November 15, 1999.

In addition to the in-person sessions listed above, the Fund will broadcast an Information Session using interactive video-teleconferencing technology on November 16, 1999, from 1:00 p.m. to 4:00 p.m. EST. Registration is required and registration in advance is preferred. This Information Session will be produced in Washington, DC, and will be downlinked via satellite to the local Department of Housing and Urban Development (HUD) offices located in the following 73 cities: Albany, NY; Albuquerque, NM; Anchorage, AK; Atlanta, GA; Baltimore, MD; Bangor, ME; Beaumont, TX; Birmingham, AL; Boise, ID; Buffalo, NY; Burlington, VT; Casper, WY; Charleston, WV; Chicago, IL; Cincinnati, OH; Columbia, SC; Columbus, OH; Denver, CO; Des Moines, IA; Detroit, MI; Fargo, ND; Flint, MI; Fresno, CA; Grand Rapids, MI; Greensboro, NC; Hartford, CT; Helena, MT; Honolulu, HI; Houston, TX; Indianapolis, IN; Jackson, MS; Jacksonville, FL; Kansas City, KS; Knoxville, TN; Lanham, MD; Las Vegas, NV; Little Rock, AR; Los Angeles, CA; Louisville, KY; Lubbock, TX; Manchester, NH; Miami, FL; Milwaukee, WI; Minneapolis/St. Paul, MN; Nashville, TN; New Orleans, LA; Newark, NJ; Oklahoma City, OK; Omaha, NE; Orlando, FL; Philadelphia, PA; Phoenix, AZ; Pittsburgh, PA; Portland, OR; Providence, RI; Reno, NV; Richmond, VA; Sacramento, CA; St. Louis, MO; San Antonio, TX; San

Francisco, CA; San Juan, PR; Santa Ana, CA; Shreveport, LA; Sioux Falls, SD; Spokane, WA; Springfield, IL; Syracuse, NY; Tampa, FL; Tucson, AZ; Tulsa, OK; Washington, DC; and Wilmington, DE.

For more information, or to register for an Information Session, please contact the Fund at (202) 622-8662 or visit the Fund's web site at [www.treas.gov/cdfi](http://www.treas.gov/cdfi).

**Authority:** 12 U.S.C. 4703, 4703 note, 4704, 4706, 4707, and 4717; 12 CFR part 1805.

Dated: October 25, 1999.

**Maurice A. Jones,**

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Institutions Fund.*

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#### DEPARTMENT OF THE TREASURY

##### Community Development Financial Institutions Fund

##### Notice of Funds Availability (NOFA) Inviting Applications for the Community Development Financial Institutions (CDFI) Program— Intermediary Component

**AGENCY:** Community Development Financial Institutions Fund, Department of the Treasury.

**ACTION:** Notice of Funds Availability (NOFA) inviting applications.

**SUMMARY:** The Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4701 *et seq.*) (the "Act") authorizes the Community Development Financial Institutions Fund ("the Fund") to select and provide assistance to eligible applicants under the Community Development Financial Institutions ("CDFI") Program. The interim rule (12 CFR part 1805), most recently published in the **Federal Register** on April 4, 1997 (62 FR 16444), and now revised and published elsewhere in this issue of the **Federal Register**, provides guidance on the contents of application materials, evaluation criteria and other program requirements. More detailed application content requirements are found in the application packet. While the Fund encourages applicants to review the interim rule, all of the application content requirements and the evaluation criteria contained in the interim rule are also contained in the application packet. Subject to the availability of funds, the Fund currently anticipates making awards of up to \$6 million in appropriated funds under this NOFA and expects to make four to ten awards. The Fund reserves the right to award in