

Sessions, beginning September 20, 2000, as follows:

Los Angeles, CA, September 20, 2000;
San Francisco, CA, September 22, 2000;
Chicago, IL, September 25, 2000;
Miami, FL, September 26, 2000;
Salt Lake City, UT, September 29, 2000;
Kansas City, MO, October 2, 2000;
Memphis, TN, October 3, 2000;
Charlotte, NC, October 4, 2000;
Minneapolis, MN, October 4, 2000;
Boston, MA, October 5, 2000;
San Antonio, TX, October 5, 2000; and
New York, NY, October 6, 2000.

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To register online for an Information Session, please visit the Fund's website at www.treas.gov/cdfi. If you do not have Internet access, you may register by calling the Fund at (202) 622-8662.

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

Dated: August 7, 2000.

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Community Development Financial
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[FR Doc. 00-20268 Filed 8-11-00; 8:45 am]

BILLING CODE 4810-70-P

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 November 1, 1999 (64 FR 59076), and now revised and published in the **Federal Register** concurrently with this NOFA, 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 \$5 million in appropriated funds under this NOFA and expects to make four to ten awards. The Fund reserves the right to award in excess of \$5 million in appropriated funds under this NOFA provided that 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 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. Elsewhere in this issue of the **Federal Register**, the Fund is publishing a separate NOFA for the sixth round of the Core Component of the CDFI Program, with respect to which the Fund intends to make available up to \$50 million in appropriated funds. The Core Component provides assistance to CDFIs that directly serve their target markets through loans, investments and other activities, not including the financing of other CDFIs.

DATES: Applications may be submitted at any time, commencing August 14, 2000. The deadline for receipt of an application is 6 p.m. EST on December 19, 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 to the Fund 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 any 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, by phone at (202) 622-8662, by facsimile on (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 Website 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. Access to financial services is critical to helping bring more Americans into the economic mainstream. 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 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 Intermediary Component of the CDFI Program, involving financial assistance to CDFIs that provide financing primarily to other CDFIs and/or to support the formation of CDFIs. Under this Intermediary Component NOFA, the Fund anticipates a maximum award amount of \$1.5 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. Thus, for purposes of ascertaining whether an awardee under this NOFA is at or near the \$5 million limit, the Fund will consider the amount of money obligated on behalf of said awardee pursuant to this NOFA and any other CDFI Program NOFAs published in 1998, 1999 and 2000; 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).

The Fund recognizes that there are in existence certain intermediary CDFIs, and that others may be created over time, that focus their financing activities primarily on financing other CDFIs. Such institutions may have knowledge and capacity to develop and implement a specialized niche or niches in their financing of CDFIs and/or emerging CDFIs. The Fund believes that providing financial assistance to such

intermediaries can be an effective way to enhance its support of the CDFI industry by reaching CDFIs that the Fund itself cannot reach as effectively under the Core Component. In particular, the Fund wishes to support the activities of those intermediaries that provide financing, Development Services, and other support to small (e.g., total assets of less than \$5 million) and emerging CDFIs and CDFIs that have not received assistance from the CDFI Fund. An emerging CDFI is an organization that is not yet certified as a CDFI but one that the Intermediary Component applicant determines in good faith has a reasonable chance of being certified by the Fund within three years from the date the emerging CDFI receives assistance from the Intermediary Component applicant. An intermediary CDFI may, for example, have a specialized niche or niches focusing on financing a specific type or types of CDFIs, providing small amounts of capital per CDFI, financing CDFIs with specialized risk levels, or financing institutions seeking to become CDFIs. By providing financial assistance to specialized intermediaries, the Fund believes it can leverage the expertise of such intermediaries and strengthen the Fund's capacity to support the development and enhancement of the CDFI industry. This NOFA invites applications from CDFIs, and organizations seeking to become CDFIs, that are or plan to become a CDFI intermediary, and that focus on providing loans to, or investments in, other CDFIs and/or to support the formation of CDFIs. This NOFA is not intended and should not be construed to allow an applicant to file a joint application on behalf of a group of other CDFIs, but rather to provide financial and technical assistance to intermediaries that provide financing, in arms-length transactions, to other CDFIs and/or support the formation of CDFIs.

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 Intermediary 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, the CDFI eligibility requirements. In general, an applicant, individually and collectively with its affiliates, must have a primary mission of promoting community development. In addition, the applicant

organization must: be an insured depository institution, a depository institution holding company or an insured credit union; or provide lending or equity investments; serve an investment area or a targeted population; provide development services; maintain community accountability; and be a non-governmental entity. If an applicant is a depository institution holding company or an affiliate of a depository institution holding company, the applicant individually and collectively with its affiliates must meet all of the aforementioned requirements.

The application accompanying this NOFA specifies that, with some exceptions, applicants seeking to designate an Other Targeted Population must provide a brief analytical narrative with information demonstrating that the designated group of individuals in the applicant's service area lacks adequate access to loans, Equity Investments or Financial Services. For purposes of this NOFA, the Fund has determined that credible evidence exists on a national level demonstrating that Blacks or African Americans, Native Americans or American Indians, and Hispanics or Latinos lack adequate access to loans, Equity Investments or Financial Services. To the extent that an applicant's service area is national and it is serving such population(s), it is not required to provide the above-referenced analytical narrative describing its service area's unmet loan, Equity Investment or Financial Service needs. However, the Fund believes it is important to ensure that organizations serving these Other Targeted Population(s) in regional or local service areas provide information from those service areas that is consistent with the national data. In addition, for the purpose of this NOFA, the Fund has determined that credible evidence exists that Alaska Natives residing in Alaska and Native Hawaiians or Other Pacific Islanders residing in Hawaii or other Pacific Islands lack adequate access to loans, Equity Investments or Financial Services. To the extent that an applicant is serving such Population(s), it is not required to provide the analytical narrative describing these Populations' unmet loan, Equity Investment or Financial Services needs.

For purposes of this NOFA, the Fund will use the following definitions, set forth in the Office of Management and Budget (OMB) Notice, Revisions to the Standards for the Classification of Federal Data on Race and Ethnicity (October 30, 1997):

(a) American Indian, Native American or Alaska Native: a person having

origins in any of the original peoples of North and South America (including Central America) and who maintains tribal affiliation or community attachment;

(b) Black or African American: a person having origins in any of the black racial groups of Africa (terms such as "Haitian" or "Negro" can be used in addition to "Black or African American");

(c) Hispanic or Latino: a person of Cuban, Mexican, Puerto Rican, South or Central American or other Spanish culture or origin, regardless of race (the term "Spanish origin" can be used in addition to "Hispanic or Latino"); and

(d) Native Hawaiian or Other Pacific Islander: a person having origins in any of the original peoples of Hawaii, Guam, Samoa or other Pacific Islands.

Since applicants under this NOFA do not directly serve Target Markets, but instead serve such markets through support of CDFIs and/or emerging CDFIs, applicants under this NOFA need not provide Target Market information for all of the Target Markets served by the CDFIs and/or emerging CDFIs that it serves. In the case of an applicant predominantly serving certified CDFIs, the Fund will assume that the applicant predominantly serves eligible Target Markets. Such an applicant need only specify the service area in which its certified CDFI clients are located (*e.g.*, name of cities, counties, states, or national). In the case of an applicant for whom the predominance of activities is not directed toward certified CDFIs, the applicant must provide information on how it determines that its activities are principally directed towards organizations principally serving eligible Target Markets, such as requiring a minimum level of activity within Target Markets, or other means.

This NOFA is limited to applicants that satisfy the following two requirements:

(1) The applicant must meet the CDFI eligibility requirements at the time of application; and

(2) The applicant's financial products (loans, equity investments, grants, and deposits in insured credit unions) and other activities must primarily focus on financing other CDFIs and/or supporting the formation of CDFIs.

If the applicant does not meet the CDFI eligibility requirements and/or if the applicant's financial products and other activities do not primarily focus on financing and/or supporting the formation of CDFIs at the time of application, the application shall include a realistic plan for the applicant to meet both criteria by December 31,

2001 (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 is certified as a CDFI and demonstrates that its business activities primarily focus on other CDFIs and/or the formation of CDFIs. 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 and/or technical assistance (TA) under this NOFA. Financial assistance may be provided in the form of an equity investment, loan, or grant (or a combination of these financial assistance instruments). Applicants for financial assistance shall indicate the dollar amount, form, terms, and conditions of the assistance requested. Applicants for TA under this NOFA shall describe the type(s) of TA requested, when the TA will be acquired, the provider(s) of the TA, the cost of the TA, and a narrative explanation of how the TA will enhance their community development impact.

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 must be at least comparable in form and value to the assistance provided by the Fund. Non-Federal funds obtained or legally committed on or after January 1, 1999 and before August 31, 2002 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, 2002 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 its substantive review, the Fund 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 for two years or less, as of the date of this NOFA (meaning, for purposes of this NOFA, having incurred initial operating expenses after August 14, 1998). 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:

(i) Community development track record, including activities and impacts relating to small and emerging CDFIs and CDFIs that have not received assistance from the Fund: 12 point

maximum (established organizations only);

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

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

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

(a) Quality of the Strategy for Carrying Out the Comprehensive Business Plan and for Creating Community Development 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:

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

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

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

(iv) 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.

(a) 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 (i) the extent to which the applicant needs the Fund's assistance to carry out its Comprehensive Business Plan, (ii) the extent of economic distress in the applicant's target market, and (iii) the extent to which the applicant's

assistance to CDFIs and CDFIs in formation provides additional benefits, especially to small and emerging CDFIs, that are not provided by the activities of the CDFI Fund. 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 reviewers will evaluate all applications in accordance with all of the evaluation criteria outlined above and prepare recommendation memoranda containing recommendations on the type and amount of assistance, if any, that should be provided to each applicant.

A final review panel comprised of Fund staff will consider each 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, Fund reviewer's recommendation memorandum 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, the Fund is conducting Information Sessions to disseminate information to organizations contemplating applying to, and other organizations interested in learning about, the Core and Intermediary Components of the CDFI Program. Registration is required, as the Information Sessions will be held in secured federal facilities. The Fund will conduct 12 in-person Information Sessions, beginning September 20, 2000, as follows:

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Columbus, OH; Dallas, TX; Denver, CO; Des Moines, IA; Detroit, MI; Fargo, ND; Flint, MI; Fort Worth, TX; 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; Las Vegas, NV; Little Rock, AR; Los Angeles, CA; Louisville, KY; Lubbock, TX; Manchester, NH; Memphis, TN; Miami, FL; Milwaukee, WI; Minneapolis, MN; Nashville, TN; New Orleans, LA; New York, NY; 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; Salt Lake City, UT; San Antonio, TX; San Diego, CA; San

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

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Dated: August 7, 2000.

Maurice A. Jones,

*Deputy Director for Policy and Programs,
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[FR Doc. 00-20269 Filed 8-11-00; 8:45 am]

BILLING CODE 4810-70-P