

**DEPARTMENT OF THE TREASURY****Community Development Financial Institutions Fund**

[No. 981-0154]

**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.) (hereafter referred to as the "Act") authorizes the Community Development Financial Institutions Fund (hereafter referred to as "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), which was published in the **Federal Register** on April 4, 1997 (62 FR 16444), provides guidance on the contents of the necessary application materials and program requirements. Subject to funding availability, the Fund intends to award up to \$40 million in appropriated funds pursuant to this NOFA and expects to issue approximately 50 to 60 awards. The Fund reserves the right to award in excess of \$40 million in appropriated funds pursuant to 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 notice.

This NOFA is 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 primary activities do not include the financing of other CDFIs. In the previous round of the CDFI Program a separate NOFA was published in the **Federal Register** (62 FR 16461) in connection with the intermediary component of the CDFI Program. The intermediary component provides financial assistance to CDFIs that provide financing primarily to other CDFIs and/or to support the formation of CDFIs. At this time the Fund is only making funds available for the core component; however, the Fund may

issue a NOFA for the intermediary component at a later date.)

**DATES:** Applications may be submitted at any time following March 20, 1998. The deadline for receipt of an application is 6 p.m. EDT on June 12, 1998. Applications received after that date and time will not be accepted and will be returned to the sender. Applications sent electronically or by facsimile will not be accepted.

**ADDRESSES:** Applications shall be sent to: Awards Manager, the Community Development Financial Institutions Fund, U.S. Department of the Treasury, 601 13th Street, NW., Suite 200 South, Washington, D.C. 20005.

**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 CDFI Awards Manager. They may be reached by phone on (202) 622-8662, by facsimile on (202) 622-7754 or by mail at CDFI, 601 13th Street, NW., Suite 200 South, Washington, D.C. 20005. Allow at least one to two weeks for the receipt of the application package.

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

Credit and investment capital are essential ingredients in 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 is fostering the creation of a national network of financial institutions that are specifically dedicated to funding and to supporting community development. This strategy will build strong institutions that make loans and investments and provide services to economically distressed investment areas and disadvantaged targeted populations. The Act, which implements this vision authorizes the Fund to select entities to receive financial and technical assistance. Institutions in operation at the time of application are eligible to receive assistance to expand their activities. New institutions are eligible to receive start-up assistance. This NOFA invites applications from eligible organizations for financial assistance, technical assistance, or both, for the purpose of promoting community development activities and revitalization.

The Program connected with this NOFA constitutes the core component of the CDFI Program, involving direct

financial and technical assistance to CDFIs that serve their target markets through loans, investments and other activities. This NOFA will not support CDFIs that primarily are funding other CDFIs. Under this core component NOFA, the Fund has an anticipated maximum award of \$2 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.

Elsewhere in this issue of the **Federal Register**, the Fund is publishing a separate NOFA for the first round of the technical assistance (TA) component of the CDFI Program. The TA component NOFA is specially tailored to award TA grants to eligible applicants demonstrating unmet capacity needs, that if addressed would potentially generate significant community development impact. Under the TA component NOFA, applicants may only apply for TA, and the anticipated maximum TA award per applicant is \$50,000. All applications for TA under the TA component NOFA will be evaluated separate and apart from the applications for TA, financial assistance or both under this core component NOFA, because the application requirements and the selection criteria in the TA component NOFA differ from those contained herein. However, eligible applicants may apply for TA under both the TA component NOFA and this core component NOFA. It is unlikely that an organization will receive support under both NOFAs.

**II. Eligibility**

The Act and the interim rule specify the eligibility requirements that each applicant must meet in order to be eligible to apply for financial assistance, TA, or both under this core component NOFA. Specifically, an entity must meet, or propose to meet, the CDFI certification requirements. In general, a CDFI must have a primary mission of promoting community development, provide lending or investments, serve an investment area or a targeted population, provide development services, maintain community accountability, and be a non-government entity. At the time an entity submits its application, the entity must be duly organized and validly existing under the laws of the jurisdiction in which it is incorporated or otherwise established, and is (or within 30 days of the Fund's receipt of their application will be) authorized to do business in any jurisdiction in which it proposes to undertake the activities specified in its application. The details regarding these

requirements and other program requirements are described in the application packet and the interim rule.

### 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, a grant, a loan, deposits, credit union shares, or any combination thereof. Applicants for financial assistance shall indicate the dollar amount, form, terms, and conditions of assistance requested. Applicants for TA under this NOFA shall describe the types of TA requested, the provider(s) of the TA, the cost of the TA, and a narrative justification of its needs for the TA.

### IV. Application Packet

Except as described hereafter, an applicant under this NOFA, whether applying for financial assistance, TA, or both, shall submit the materials described in § 1805.701 and the application packet.

If an applicant is currently certified as a CDFI by the Fund, it may submit a copy of the Fund's letter of certification and the Certification of Material Changes form, a copy of which is contained in the application packet, in lieu of the information described in §§ 1805.701(b)(1)–(8). However, an applicant should include information in its application that it believes is relevant to the Fund's substantive review of the application under § 1805.802(b).

### V. Matching Funds

Applicants responding to this NOFA must provide matching funds from sources other than the Federal Government on the basis of not less than one dollar for each dollar provided by the Fund. Such matching funds shall be at least comparable in form and value to assistance provided by the Fund. Non-Federal funds obtained or legally committed on or after January 1, 1997, may be considered when determining matching funds availability. Applicants selected to receive assistance under this NOFA must have firm commitments for the matching funds required pursuant to § 1805.600 by no later than August 31, 1998. The Fund may recapture and reprogram funds if an applicant fails to raise the required match by such date. The Fund reserves the right 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 cannot be used

to satisfy the § 1805.600 matching funds requirement.

### VI. Evaluation Factors

Applications will be evaluated on a competitive basis in accordance with criteria described in § 1805.802. Special emphasis is expected to be placed on:

(1) The applicant's track record, financial strength, and current operations;

(2) The capacity, skills, and experience of the management team;

(3) The quality of the applicant's comprehensive business plan;

(4) The extent and nature of the potential community development impact that would be catalyzed by the Fund's assistance, relative to the amount of such assistance to be provided; and

(5) The likelihood that the applicant will be able to raise the required matching funds.

The applicant's track record, financial strength and current operations are important to the extent they may be suggestive about the prospects for success in the future. In the case of a young or start-up institution with no, or a limited, track record, extra emphasis will be placed on the capacity, skills, and experience of the applicant's management team and the quality of its comprehensive business plan.

While previous awardees are eligible to apply pursuant to this NOFA, such applicants should be aware that success in a previous round should not be considered indicative of the likelihood of success under this NOFA. At the same time, organizations will not be penalized for having received awards in previous rounds.

The anticipated maximum award per applicant under this NOFA is \$2 million. However, the Fund, in its sole discretion, reserves the right to make individual award amounts in excess of \$2 million if it deems it appropriate. The Fund reserves that right to award, in whole or in part, any, all, or none of the applications submitted in response to this notice.

### VII. Workshops

The Fund expects to host workshops to disseminate information to organizations interested in applying for assistance pursuant to this NOFA. If you wish to be on a mailing list to receive information about such workshops, please fax your request to the Fund.

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

Dated: March 16, 1998.

**Ellen Lazar,**

*Director, Community Development Financial Institutions Fund.*

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## DEPARTMENT OF THE TREASURY

### Community Development Financial Institutions Fund

[No. 982-0154]

### Notice of Funds Availability (NOFA) Inviting Applications for the Community Development Financial Institutions Program—Technical Assistance 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.) (hereafter referred to as the "Act") authorizes the Community Development Financial Institutions Fund (hereafter referred to as "the Fund") to select and provide assistance to eligible applicants under the Community Development Financial Institutions ("CDFI") Program. Such assistance may include financial assistance and technical assistance. Technical assistance ("TA") may be used for activities that enhance the capacity of both CDFIs and entities proposing to become CDFIs, such as the training of management and other personnel, the development of programs, loan or investment products, improving financial management and internal operations, enhancing a CDFI's community impact, or other activities deemed appropriate by the Fund. Since the advent of the CDFI Program, the Fund has issued NOFAs inviting applications for both TA and financial assistance. However, the Fund recognizes that a key ingredient to enhancing the CDFI industry is the provision of TA, and the Fund has decided to expand the tools that it utilizes to increase the availability of TA to CDFIs. Specifically, the Fund is issuing this NOFA for a TA only component of the CDFI Program to better address the unmet capacity needs of CDFIs and entities proposing to become CDFIs. This NOFA is intended to award grants to eligible applicants that have demonstrated capacity needs and have significant potential for increasing their community development impact relative to the