

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

amount of TA provided. This NOFA provides guidance on the contents of the necessary application materials and program requirements. Subject to funding availability, the Fund intends to award up to \$5 million in appropriated funds pursuant to this NOFA. The Fund reserves the right to award in excess of \$5 million in appropriated funds pursuant to this NOFA provided that the funds are available and the Fund deems it appropriate.

DATES: The original and three copies of the application may be submitted at any time following March 20, 1998. The deadline for receipt of the original and three copies of an application is 6 p.m. EDT on May 29, 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 St. NW., Suite 200 South, Washington, D.C. 20005.

FOR FURTHER INFORMATION CONTACT: The Technical Assistance Program Manager, Community Development Financial Institutions Fund, U.S. Department of the Treasury, 601 13th St. NW., Suite 200 South, Washington, D.C. 20005, (202) 622-8662. (This is not a toll-free number.) If you have any questions about this NOFA or the application packet, you may call or write to the Technical Assistance Program Manager at the above telephone number or address, or you may send questions by facsimile to (202) 622-7754. To request an application packet, please send by facsimile to (202) 622-7754 a written request which includes the name of the requester, organization, mailing address, telephone number, facsimile number, and name of the program for which an application is being requested.

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 Fund's CDFI Program facilitates the creation of a national network of financial institutions that are specifically dedicated to community development. CDFIs make loans, investments and provide development services to economically distressed investment areas and disadvantaged targeted

populations. In order to facilitate the development of a national network of CDFIs, the Fund is seeking to support the efforts of such entities to build their organizational capacity to make loans and investments and provide development services. In order to use the TA funds strategically, it is the Fund's intention to target such funds to CDFIs and entities proposing to become CDFIs that have demonstrated capacity needs and possess significant potential for increasing their community development impact with the assistance of a limited amount of TA. The anticipated maximum award per applicant under this NOFA is \$50,000. However, the Fund, in its sole discretion, reserves the right to award amounts in excess of \$50,000 if an applicant demonstrates to the satisfaction of the Fund the need for such additional amounts and the added potential community development impact resulting from such additional amounts.

Elsewhere in this issue of the **Federal Register**, the Fund is publishing an NOFA for financial assistance and TA under the CDFI Program core component. That separate NOFA is a continuation of the approach used in the first two rounds of the CDFI Program. In the separate core component NOFA, the Fund is making available up to \$40 million in appropriated funds. Applicants under that core component NOFA may apply for both financial assistance and TA, and such applicants for TA are not limited to \$50,000 in TA funds. However, all applications for financial assistance, TA or both under the core component will be evaluated separate and apart from the applications under this TA component. Moreover, the application requirements and the selection criteria under the core component NOFA differ from those contained in this TA component NOFA, because the TA component NOFA is singularly focused on providing TA to enhance the capacity of CDFIs and entities proposing to become CDFIs. Interested applicants are encouraged to apply for TA under one NOFA or the other; however, applicants are not prohibited from applying for TA under both NOFAs.

II. Eligibility

The Act and the interim rule governing the CDFI Program (12 CFR part 1805), which was published in the **Federal Register** on April 4, 1997 (62 FR 16444), specify the requirements that each applicant must meet to be eligible to apply for TA. Specifically, an entity at the time it submits its application

must meet or propose to meet the CDFI certification requirements under § 1805.200. 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 nongovernment 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 will be) authorized to do business in any jurisdiction in which it proposes to undertake activities specified in its application. The details regarding these requirements and other program requirements are described in the interim rule and the application packet.

III. Form of Assistance

An applicant under this NOFA may only submit an application for a TA grant.

IV. Application Packet

Section 1805.701 provides that unless otherwise specified in an applicable NOFA, each application must contain the information specified in the application packet, including the items described in §§ 1805.701(a)-(j). For purposes of this NOFA, the Fund is specially tailoring the collection of information requirements. Specifically, applicants are only required to submit the information required by the TA component application packet. The TA component application packet requires the submission of the following information:

(a) *Applicant Information.* The applicant's name, address and name and telephone number of the applicant's authorized representative and contact person.

(b) *Award Request.* The dollar amount of the TA grant requested by the applicant.

(c) *Eligibility Verification.* If the Fund has not certified an applicant as a CDFI and an applicant does not have an application for certification pending with the Fund, the applicant shall provide information necessary to establish that it is, or will be, a CDFI. An applicant shall demonstrate whether it meets the CDFI eligibility requirements by providing the information described in §§ 1805.701(b)(1)-(8). If an applicant is currently certified by the Fund as a CDFI, it may submit a copy of the Fund's letter of certification and the Certification of Material Changes form

contained within the application in lieu of the information described in §§ 1805.701(b)(1)–(8). However, an applicant should include in its application for a TA grant information that it believes is otherwise relevant to the Fund's evaluation of the application under the criteria set forth in this NOFA. An entity that proposes to become a CDFI is eligible to apply for a TA grant if the Fund determines that such entity's application materials provide a realistic course of action to ensure that it will meet the requirements described in §§ 1805.200(b)–(h) within two years of entering into an Assistance Agreement with the Fund.

(d) *Comprehensive Business Plan.* An applicant shall submit an abbreviated five-year Comprehensive Business Plan that addresses the items described in this paragraph (d). The Comprehensive Business Plan should, to the maximum extent practicable, be limited to ten pages or less (applicants may provide attachments, including supplemental documents, as appropriate, on items referenced in the Comprehensive Business Plan).

(1) *Management capacity.* An applicant shall provide a narrative description of its current management capacity, including detailed information on the background and capacity of the applicant's management team, key personnel and governing board members as appropriate.

(2) *Track Record and Historical Financial Performance.* An applicant shall provide information on its historical and current financial condition, including a copy of audited financial statements, financial statements that have been reviewed by a certified public accountant, or financial statements that have been reviewed by the applicant's Appropriate Federal Banking Agency for the last three completed fiscal years, and the most recent internal financial statements since the beginning of the applicant's current fiscal year. The applicant shall also provide information on its loans and Development Investments for the three most recent fiscal years, including information on the total number and dollar amount of such loans and Development Investments during each fiscal year during this time frame. If an applicant has been in operation for less than three years, the applicant shall describe such activities for each fiscal year since inception. The applicant shall provide information necessary to assess trends in its financial and operating performance (e.g., portfolio delinquencies, defaults and charge-offs).

(3) *Market Analysis and Strategy.* An applicant shall provide an analysis of its target markets, including a description of the needs of the Investment Area(s) and Targeted Population(s), as applicable. An applicant shall also describe its five-year strategy for meeting the demand for loans or Development Investments generated by the needs of its target market(s) through its products and services. The strategy description may include plans for growth of lending volume and lending products, expansion of Development Services, staffing and management appropriate to meet such growth and growth of the operating budget. Projected changes in overall capital structure (asset and liability composition) may also be described. The narrative discussion may be supplemented with quantitative projections.

(4) *Coordination Strategy.* An applicant shall describe:

(i) Its plan to coordinate use of assistance from the Fund with existing Federal, State, local, and tribal government assistance programs and private sector resources;

(ii) How its proposed activities are consistent with existing economic, community, and housing development plans adopted for an Investment Area(s) or Targeted Population(s); and

(iii) How it will coordinate with community organizations, financial institutions, and Community Partners (if applicable) which will provide loans, equity investments, secondary markets, or other services to an Investment Area(s) or a Targeted Population(s).

(5) *Funding Sources.* An applicant shall provide information:

(i) On its current and projected sources of capital and other financial support. Such projections should relate to and be consistent with the strategy description provided under paragraph (3); and

(ii) To demonstrate that it has a plan for achieving or maintaining financial viability within the five-year period. Such information shall demonstrate that the applicant will not be dependent upon future awards of assistance from the Fund for its continued viability.

(6) *Community Partnership.* In the case of an applicant submitting an application with a Community Partner, the applicant shall include in its application the information described in § 1805.701(d)(12).

(e) *Technical Assistance Proposal.* An applicant shall provide a Technical Assistance Proposal ("TAP") that includes information on the TA needed to enhance the capacity of the organization to carry out its

Comprehensive Business Plan. Such information shall include the items described in this paragraph (e). The TAP should, to the maximum extent practicable, be limited to ten pages or less (applicants may provide attachments, including supplemental documents, as appropriate, on items referenced in the TAP). An applicant shall provide:

(1) An evaluation of its capacity needs (this may be a self-evaluation);

(2) A detailed description of the type(s) of TA needed to meet the identified capacity needs;

(3) A detailed description of the strategy for obtaining such TA, including its proposed providers of TA and their qualifications. If an applicant cannot identify specific providers of TA in its application, it shall identify the requisite qualifications that it will seek for such TA providers;

(4) An estimate of the cost to obtain the TA for each year that will include use of TA funds. This cost estimate shall include expense projections for each of the specific activities to be funded with TA funds; and

(5) A projection of the benefits expected to be created within its Investment Area(s) or Targeted Population(s) with the enhanced capacity resulting from the TA.

(f) *Conflict of Interest.* An applicant shall submit a copy of its conflict of interest policies that are consistent with the requirements of § 1805.906.

(g) *Lobbying Disclosure Act of 1995.*

An applicant shall identify whether or not the Internal Revenue Service (IRS) has recognized it as exempt from Federal income tax under section 501(c)(4) of the Internal Revenue Code.

(h) *Miscellaneous.* An applicant shall indicate and describe the circumstances underlying any back taxes due to the IRS, any delinquent debts owed to Federal, State or local governments, and whether it has ever filed for bankruptcy.

(i) *Environmental Information.* An applicant shall review and complete the Environmental Review Form contained within the application.

(j) *Applicant Certification.* An applicant and Community Partner (if applicable) shall review and complete the assurances and certifications form contained in Appendix A of the application.

(k) *Previous Awardees.* In the case of an applicant that has previously received assistance under the CDFI Program, the applicant shall demonstrate that it:

(1) Has substantially met its performance goals and other requirements described in its previous Assistance Agreement(s); and

(2) Will expand its operations into a new Investment Area(s), serve a new Targeted Population(s), offer more products or services, or increase the volume of its activities.

(l) *Previous History.* In the case of an applicant with a prior history of serving Investment Area(s) or Targeted Population(s), the applicant shall demonstrate that it:

(1) Has a record of success in serving Investment Area(s) or Targeted Population(s); and

(2) Will expand its operations into a new Investment Area(s), serve a new Targeted Population(s), offer more products or services, or increase the volume of its activities.

V. Evaluation and Selection

In evaluating and selecting applicants, the Fund will utilize the evaluation criteria found in § 1805.802(b), except that the Fund will not consider the evaluation criteria relating to matching funds in §§ 1805.802(b)(2)(i), (ii), and (iv). Under the Act, the Fund has express authority to consider evaluation criteria in addition to those set forth in 12 U.S.C. § 4706 and § 1805.802(b). The

Fund also has broad discretion in evaluating the relative importance of each such criterion. For purposes of this TA component NOFA, the Fund is adding as a new evaluation criterion the extent of the applicant's demonstrated capacity needs. In selecting applicants for TA grant awards, the Fund will accord predominant weight to the following two evaluation criteria:

(a) The extent of the applicant's demonstrated capacity needs; and

(b) The extent and nature of the potential community development impact that will be achieved by the Fund's TA, relative to the amount of the TA to be provided.

The Fund will continue to evaluate applications using the remaining applicable criteria set forth in § 1805.802(b); however, such evaluation criteria will be of secondary importance to the two criteria set forth above.

In assessing the extent of a demonstrated capacity need, the Fund will consider the extent of funding previously awarded by the Fund to the applicant. While previous awardees are eligible to apply pursuant to this NOFA, given the focus on applicants with

demonstrated unmet capacity building needs, it is the current expectation of the Fund that a substantial majority of the funds awarded pursuant to this NOFA will be to applicants that are not previous awardees. On the other hand, success in a previous funding round will not prevent an applicant from receiving a TA grant under this NOFA provided that such a grant is consistent with the Act and the interim rule governing the CDFI Program (12 CFR part 1805).

The Fund has sole discretion in the selection of applications for assistance. The anticipated maximum award per applicant under this NOFA is \$50,000. However, the Fund, in its sole discretion, reserves the right to award amounts in excess of \$50,000 if appropriate.

Authority: 12 U.S.C. 4703, 4703 note, 4704, 4706, 4707, 4717, 4718; 12 CFR part 1805.

Dated: March 16, 1998.

Ellen Lazar,

Director, Community Development Financial Institutions Fund.

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