

DEPARTMENT OF THE TREASURY

Community Development Financial Institutions Fund

Funding Opportunities: Capital Magnet Fund; 2018 Funding Round

Funding Opportunity Title: Notice of Funds Availability (NOFA) inviting

Applications for the fiscal year (FY) 2018 Funding Round of the Capital Magnet Fund (CMF).
Announcement Type: Announcement of funding opportunity.
Funding Opportunity Number: CDFI-2018-CMF.
Catalog of Federal Domestic Assistance (CFDA) Number: 21.011.

Dates:

TABLE 1—FY 2018 CAPITAL MAGNET FUND FUNDING ROUND CRITICAL DEADLINES FOR APPLICANTS

Description	Deadline	Time (eastern time—ET)	Submission method
OMB Standard Form (SF)–424 Mandatory form ... Create AMIS Account (if Applicant doesn't have one).	August 20, 2018 August 27, 2018	11:59 p.m 11:59 p.m	Electronically via <i>Grants.gov</i> . Electronically via Awards Management Information System (AMIS).
Last day to contact Capital Magnet Fund Staff	September 13, 2018	5:00 p.m ..	Service Request via AMIS or CDFI Fund Helpdesk: 202–653–0421 or <i>cmf@cdfi.treas.gov</i> .
CMF Application and Required Attachments	September 17, 2018	5:00 p.m ..	Electronically via AMIS.

Executive Summary: The Capital Magnet Fund (CMF) is administered by the Community Development Financial Institutions Fund (CDFI Fund). Through the CMF, the CDFI Fund provides financial assistance grants to Community Development Financial Institutions (CDFIs) and to qualified Nonprofit Organizations that have the development or management of affordable housing as one of their principal purposes. All awards provided through this Notice of Funds Availability (NOFA) are subject to funding availability.

I. Program Description

A. Authorizing Statute and Regulation: The CMF was established through the Housing and Economic Recovery Act of 2008 (HERA), which added section 1339 to the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. For a complete understanding of the program, the CDFI Fund encourages Applicants to review the CMF interim rule (12 CFR part 1807) as amended February 8, 2016 (the CMF Interim Rule), this NOFA, the CDFI Fund's environmental quality regulation (12 CFR part 1815), the CMF funding application (referred to hereafter as the "Application," meaning the application submitted in response to this NOFA), and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200; 78 FR 78590) (Uniform Administrative Requirements or UAR). Each capitalized term used in this NOFA, but not defined herein, shall have the respective meanings assigned to them in the CMF Interim Rule, the Application, or the Uniform Administrative Requirements.

Details regarding Application content requirements are found in the Application and related materials at www.cdfifund.gov/cmf.

B. History: The CDFI Fund was established by the Riegle Community Development Banking and Financial Institutions Act of 1994 to promote economic revitalization and community development through investment in and assistance to CDFIs. Since its creation in 1994, the CDFI Fund has awarded approximately \$3 billion to CDFIs, community development and affordable housing organizations, and financial institutions through the CMF, Community Development Financial Institutions Program (CDFI Program), the Native American CDFI Assistance Program (NACA Program), the Bank Enterprise Award Program (BEA Program), and the Financial Education and Counseling Pilot Program. In addition, the CDFI Fund has allocated more than \$54 billion in tax credit allocation authority through the New Markets Tax Credit Program (NMTC Program) and has issued \$1.4 billion in guarantees through the CDFI Bond Guarantee Program.

C. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200): The Uniform Administrative Requirements codify financial, administrative, procurement, and program management standards that Federal award-making agencies must follow. Per the Uniform Administrative Requirements, when evaluating award applications, awarding agencies must evaluate the risks to the program posed by each applicant, and each applicant's merits and eligibility. These requirements are designed to

ensure that applicants for Federal assistance receive a fair and consistent review prior to an award decision. This review will assess items such as the Applicant's financial stability, quality of management systems, history of performance, and single audit findings. In addition, the Uniform Administrative Requirements include guidance on audit requirements and other award compliance requirements for award Recipients.

D. Priorities: The purpose of the CMF is to attract private capital for and increase investment in the Development, Preservation, Rehabilitation, or Purchase of Affordable Housing for primarily Extremely Low-Income, Very Low-Income, and Low-Income Families, as well as Economic Development Activities, which, In Conjunction With Affordable Housing Activities, implement a Concerted Strategy to stabilize or revitalize a Low-Income Area or Underserved Rural Area. To pursue these objectives, the CDFI Fund has established the following priorities for the FY 2018 funding round: (i) Applications where at least 20 percent of all rental Affordable Housing units that will be financed and/or supported with FY 2018 CMF Awards are targeted to Very Low-Income Families and/or at least 20 percent of all Homeownership Affordable Housing units that will be financed and/or supported with FY 2018 CMF Awards are targeted to Low-Income Families; and (ii) Applications proposing to use the CMF Award to leverage private capital to finance and/or support Affordable Housing Activities and Economic Development Activities. Additionally, the CDFI Fund seeks to fund Applications serving

geographically diverse Areas of Economic Distress, including Metropolitan Areas and Underserved Rural Areas. In particular, the priority for geographic diversity includes funding highly qualified Applications that serve states not included in the Service Areas of Recipients in the past two CMF rounds (FY 2016 and FY 2017): Iowa, Maine, North Dakota and Wyoming as well as the U.S. Virgin Islands, Guam, the Northern Mariana Islands, American Samoa and Puerto Rico. Finally, the CDFI Fund seeks to fund highly qualified Applications proposing to serve areas “most impacted and distressed” resulting from a major disaster declared in 2017 as identified by the Department of Housing and Urban Development (HUD) and published in the **Federal Register** (83 FR 5844).

E. Funding limitations: The CDFI Fund reserves the right to fund, in whole or in part, any, all, or none of the Applications submitted in response to this NOFA.

II. Federal Award Information

A. Funding Availability: The CDFI Fund plans to award approximately \$142.9 million in grants for the CMF FY 2018 round under this NOFA. HERA prohibits the CDFI Fund from obligating more than 15 percent of the aggregate available in CMF Awards to any Applicant, its Subsidiaries and Affiliates in the same funding round. Affiliated entities are not allowed to apply separately under this NOFA. To provide an example of the size of awards in past CMF rounds, the CDFI Fund notes that in the FY 2017 CMF round, the statutory cap was \$18 million, but the largest amount awarded was \$7.5 million, while the average award was \$3 million. Moreover, given administrative and compliance responsibilities for Recipients, the CDFI Fund will not accept Applications for the FY 2018 round that request less than \$500,000, and will not provide awards below \$500,000 to any CMF Award Recipient for the FY 2018 CMF Round.

The CDFI Fund reserves the right, in its sole discretion, to provide a CMF Award in an amount other than that which the Applicant requests; however, the Award amount will not exceed the Applicant’s award request as stated in its Application. An Applicant may receive only one Award through the FY 2018 CMF Round.

B. Types of Awards: The CDFI Fund will provide CMF Awards in the form of grants. CMF Awards must be used to support the eligible activities as set forth in 12 CFR 1807.301. CMF Awards cannot be “passed through” to third-

party entities, whether Affiliates, Subsidiaries, or others, to undertake the eligible activities set forth in 12 CFR 1807.301, without the prior written approval of the CDFI Fund.

C. Limitations on using CMF Awards in conjunction with other CDFI Fund awards/allocations: 1. A CMF Award Recipient may not use its CMF Award and awards/allocations from other CDFI Fund programs to finance and/or support activities in the same property unless the CMF Award dollars are used to finance/support a different “phase” of development than what is funded by other CDFI Fund program awards/allocations. The separate phases of development financing are considered to be: (1) Predevelopment; (2) acquisition; (3) site work (preconstruction); (4) construction/rehabilitation; (5) permanent financing; or (6) bridge financing between two or more phases. If the Recipient has received multiple CMF Awards, these awards are not subject to this phasing restriction and may be combined in the same Project phase. The term “Recipient” includes the CMF Award Recipient and any Affiliates.

If providing Homeownership assistance, a CMF Award may be used in conjunction with awards/allocations from other CDFI Fund programs only if the Project can be divided into such phases and the CMF Award is used in a different phase from the other CDFI Fund program awards/allocations. To clarify, a CMF Award cannot be used for a Homeownership property that is permanently financed (or supported) by both the Recipient’s CMF Award and an award/allocation from another CDFI Fund program (e.g., down payment assistance funded from CMF dollars may not be combined with a permanent mortgage funded from another CDFI Fund program).

2. Costs financed and/or supported by the Recipient’s other awards/allocations from CDFI Fund programs, including awards from prior CMF rounds, may not be counted or reported as Leveraged Costs for the CMF Award, as further set forth in the Assistance Agreement. While the Recipient’s other CMF Awards may be used to finance/support the same property, each award must separately meet the program requirements as outlined in the applicable Assistance Agreement and the CMF Interim Rule (12 CFR part 1807); the same units and Leveraged Costs may not be counted towards meeting the programmatic requirements for more than one CMF Award. The term “Recipient” includes the CMF Award Recipient and any Affiliates.

In all cases, the CMF Award remains subject to the following restriction imposed by the CDFI Bond Guarantee Program: Award funds received under any CDFI Fund program cannot be used by any participant of the CDFI Bond Guarantee Program, including Qualified Issuers, Eligible CDFIs, and Secondary Borrowers, to pay principal, interest, fees, administrative costs, or issuance costs (including Bond Issuance Fees) related to the CDFI Bond Guarantee Program, or to fund the Risk Share Pool for a Bond Issue (all capitalized terms used in this sentence, other than “CMF Award”, shall have the meanings ascribed to them in the CDFI Bond Guarantee Program regulations and applicable guidance).

D. Anticipated Start Date and Period of Performance: The CDFI Fund anticipates the period of performance for the FY 2018 CMF Round to begin in early 2019. The period of performance for each CMF Award begins with the date that the CDFI Fund announces the Recipients of FY 2018 CMF Awards and continues until the end of the ten-year period of affordability for all Projects financed and/or supported with the CMF Award, as set forth at 12 CFR 1807.401(d) and 12 CFR 1807.402, and as further set forth in the Assistance Agreement, during which time the Recipient must meet certain performance goals.

E. Eligible Activities: A CMF Award must support or finance activities that attract private capital for and increase investment in (i) the Development, Preservation, Rehabilitation, or Purchase of Affordable Housing for primarily Low-, Very Low- and Extremely Low-Income Families, and (ii) Economic Development Activities. CMF Awards may only be used as follows: (i) To provide Loan Loss Reserves, (ii) to capitalize a Revolving Loan Fund, (iii) to capitalize an Affordable Housing Fund, (iv) to capitalize a fund to support Economic Development Activities, (v) for Risk-Sharing Loans, or (vi) to provide Loan Guarantees. No more than 30 percent of a CMF Award may be used for Economic Development Activities. For the FY 2018 CMF Round, the CDFI Fund will allow all Recipients to use up to 5 percent of their CMF Award for Direct Administrative Expenses. The amount available for Direct Administrative Expenses may only be used for direct costs (as defined by the Uniform Administrative Requirements) incurred by the Recipient and related to the financing and/or support of a Project. The CDFI Fund considers the tracking of impacts and outcomes associated with Projects financed and/or

supported by a CMF Award to fall under Direct Administrative Expenses. Any portion of the amount available for Direct Administrative Expenses may be used for direct costs related to the effective tracking and evaluation of program or evidence-based outcomes for Projects.

III. Eligibility Information

A. Eligible Applicants: In order to be eligible to apply for a CMF Award, an Applicant must either be a Certified CDFI or a Nonprofit Organization, as defined in 12 CFR 1807.104. Table 2 indicates the criteria that each entity

type must meet in order to be eligible for a CMF Award pursuant to this NOFA. Note: A Certified CDFI that is also a Nonprofit Organization only needs to meet the Certified CDFI eligibility criteria described in Table 2, below, in order to be eligible for a CMF Award.

TABLE 2—APPLICANT ELIGIBILITY REQUIREMENTS

Category	Eligibility requirements
Certified CDFI	<ul style="list-style-type: none"> • Has been in existence as a legally formed entity for at least 3 years prior to the AMIS Application deadline under this NOFA; • Has been determined by the CDFI Fund to meet the CDFI certification requirements set forth in 12 CFR 1805.201 and as verified in the CDFI's AMIS account as of the date of this NOFA; and • Has not been notified by the CDFI Fund that its certification has been terminated.
Nonprofit Organization	<ul style="list-style-type: none"> • In cases where the CDFI Fund has provided a Certified CDFI with written notification that it no longer meets one or more certification standards and has been given an opportunity to cure, the CDFI Fund will continue to consider this Applicant to be a Certified CDFI until it has received a final determination that its certification has been terminated. • Has been in existence as a legally formed entity for at least 3 years prior to the AMIS Application deadline under this NOFA; • Meets the definition of Nonprofit Organization set forth in 12 CFR 1807.104. • Demonstrates, through articles of incorporation, by-laws, or other board-approved documents, that the development or management of affordable housing are among its principal purposes; and • Demonstrates by providing an attestation in the Application that at least thirty-three and one-third percent of its total assets are dedicated to the development or management of affordable housing.
Application type and submission method through <i>Grants.gov</i> and Awards Management Information System (AMIS).	<ul style="list-style-type: none"> • Each Applicant must submit the required Application documents listed in Table 4. • The CDFI Fund will only accept Applications that use the official Application templates provided on the <i>Grants.gov</i> and AMIS websites. Applications submitted with alternative or altered templates will not be considered. • All Applicants must submit the required documents in two locations: (1) <i>Grants.gov</i> and (2) AMIS. <ul style="list-style-type: none"> ○ <i>Grants.gov</i>: Applicants must submit the Office of Management and Budget (OMB) Standard Form (SF) 424 Mandatory (Application for Federal Assistance) form. ○ AMIS: Applicants must submit all other required Application materials. ○ All Applicants must register in the <i>Grants.gov</i> and AMIS systems to submit an Application successfully. The CDFI Fund strongly encourages Applicants to register as early as possible to meet the deadlines in Table 1. • <i>Grants.gov</i> and the SF-424 Mandatory form: <ul style="list-style-type: none"> ○ <i>Grants.gov</i> is a common website for federal agencies to post discretionary funding opportunities and for grantees to find and apply to them. ○ The SF-424 must be submitted in <i>Grants.gov</i> before the other Application materials are submitted in AMIS. Applicants are strongly encouraged to submit their SF-424 as early as possible via the <i>Grants.gov</i> portal. ○ Because the SF-424 is part of the Application, if the SF-424 is not accepted by <i>Grants.gov</i>, the CDFI Fund will not review any materials submitted in AMIS and the Application will be deemed ineligible. ○ The SF-424 must be submitted under the FY 2018 CMF Funding Opportunity Number. • AMIS: <ul style="list-style-type: none"> ○ AMIS is the CDFI Fund's enterprise-wide information technology system that will be used to submit and store organization and Application information with the CDFI Fund. ○ Applicants are only allowed one Capital Magnet Fund Application submission in AMIS.
Employer Identification Number (EIN)	<ul style="list-style-type: none"> • Each Applicant must have a unique EIN assigned by the Internal Revenue Service. • The CDFI Fund will reject an Application submitted with the EIN of a parent or Affiliate organization.
DUNS number	<ul style="list-style-type: none"> • The EIN of the Applicant organization in AMIS must match the EIN on the SF-424 submitted through <i>Grants.gov</i>. • Pursuant to OMB guidance (68 FR 38402), each Applicant must apply using its unique DUNS number in <i>Grants.gov</i>. • The CDFI Fund will reject an Application submitted with the DUNS number of a parent or Affiliate organization. • The DUNS number of the Applicant in AMIS must match the DUNS number on the SF-424 submitted through <i>Grants.gov</i>.
System for Award Management (SAM) ...	<ul style="list-style-type: none"> • Each Applicant must have an active SAM registration in order to submit the required Application materials through <i>Grants.gov</i>. • SAM is a web-based, government-wide application that collects, validates, stores, and disseminates business information about the federal government's trading partners in support of the contract awards, grants, and electronic payment processes. See <i>SAM.gov</i> for more information. • Applicants must have a DUNS number and an EIN in order to register in SAM. • Applicants must complete registration in SAM in order to be able to complete the <i>Grants.gov</i> registration and submit an SF-424.
AMIS Account	<ul style="list-style-type: none"> • Each Applicant must register as an organization in AMIS and submit all required Application materials through the AMIS portal. • If the Applicant does not fully register its organization in AMIS by the deadline set forth in Table 1, its Application will be rejected without further consideration. • The Authorized Representative must be included as a "user" in the Applicant's AMIS account. • An Applicant that fails to properly register and update its AMIS account may miss important communications from the CDFI Fund or not be able to successfully submit an Application.
501(c)(4) status	<ul style="list-style-type: none"> • Pursuant to 2 U.S.C. 1611, any 501(c)(4) organization that engages in lobbying activities is not eligible to apply for or receive a CMF Award.
Compliance with Nondiscrimination and Equal Opportunity Statutes, Regulations, and Executive Orders.	<ul style="list-style-type: none"> • An Applicant may not be eligible to receive an award if proceedings have been instituted against it in, by, or before any court, governmental agency, or administrative body, and a final determination, issued within the last 3 years as of the date of this NOFA, indicates the Applicant has violated any of the following laws: Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d); Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794); the Age Discrimination Act of 1975 (42 U.S.C. 6101-6107); Title VIII of the Civil Rights Act of 1968, as amended (42 U.S.C. 3601 <i>et seq.</i>); and Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency.
Debarment Check	<ul style="list-style-type: none"> • The CDFI Fund will conduct a debarment check and will not consider an Application if the Applicant is delinquent on any Federal debt or otherwise ineligible to receive a Federal award.

TABLE 2—APPLICANT ELIGIBILITY REQUIREMENTS—Continued

Category	Eligibility requirements
Depository Institution Holding Company Applicant.	<ul style="list-style-type: none"> In the case where a CDFI Depository Institution Holding Company Applicant intends to carry out the activities of its award through its Subsidiary CDFI Insured Depository Institution, the Application must be submitted by the CDFI Depository Institution Holding Company and reflect the activities and financial performance of the Subsidiary CDFI Insured Depository Institution. The Authorized Representative of the Depository Institution Holding Company Applicant must certify that the information included in the Application represents that of the Subsidiary CDFI Insured Depository Institution, and that the Award will be used to support the Subsidiary CDFI Insured Depository Institution for the eligible activities outlined in the Application.
Insured CDFI—Insured Credit Union and Insured Depository Institution.	<ul style="list-style-type: none"> To be eligible for an Award, each Insured Depository Institution Applicant must have a CAMELS/CAMEL rating (rating for banks and credit unions, respectively), by its Federal regulator of at least “3.” Organizations with CAMELS/CAMEL ratings of “4 or 5” will not be eligible for awards. Organizations with a Prompt Corrective Action directive from its regulator will not be eligible for awards. The CDFI Fund will also evaluate material concerns identified by the Appropriate Federal Banking Agency in determining eligibility of Insured Depository Institution Applicants.

Any Applicant that does not meet the criteria in Table 2 is ineligible to apply for a CMF Award under this NOFA. Further, Section III.B describes additional considerations applicable to

prior Recipients and/or Allocatees under any CDFI Fund program.
 B. *Prior Recipients and/or Allocatees:* Applicants must be aware that success in a prior round of any of the CDFI Fund’s programs is not indicative of

success under this NOFA. Prior Recipients and/or Allocatees under any CDFI Fund program are eligible to apply under this NOFA, except as noted in Table 3:

TABLE 3—ELIGIBILITY REQUIREMENTS FOR APPLICANTS WHICH ARE PRIOR AWARD/ALLOCATION RECIPIENTS

Criteria	Description
Pending resolution of noncompliance	<ul style="list-style-type: none"> The CDFI Fund will consider an Application submitted by an Applicant that has pending noncompliance issues if the CDFI Fund has not yet made a final compliance determination.
Noncompliance status	<ul style="list-style-type: none"> The CDFI Fund will not consider an Application submitted by an Applicant that has a previously executed award agreement(s) if, as of the date of the NOFA, (i) the CDFI Fund has made a determination that such entity is noncompliant with a previously executed agreement and (ii) the CDFI Fund has provided written notification that such entity is ineligible to apply for or receive any future CDFI Fund awards or allocations. Such entities will be ineligible to submit an Application for such time period as specified by the CDFI Fund in writing. The CDFI Fund will not consider any Applicant that has defaulted on a CDFI Fund program loan within five years of the AMIS Application deadline.

C. *Contacting the CDFI Fund:* Accordingly, Applicants that are prior Recipients and/or Allocatees under any CDFI Fund program are advised to comply with requirements specified in an Assistance Agreement, allocation agreement, bond loan agreement, or agreement to guarantee. All outstanding reporting and compliance questions should be directed to the Office of Certification, Compliance Monitoring and Evaluation help desk by AMIS Service Requests or by telephone at (202) 653-0421; except in the case of Capital Magnet Fund reporting and compliance questions, which should be directed to the Capital Magnet Fund help desk by completing a Service Request through the Awards Management Information System using “CMF—Compliance” as the Service Request type. Alternatively, the public can contact Capital Magnet Fund staff via email at CMF@cdfi.treas.gov. The CDFI Fund will not respond to Applicants’ reporting, compliance, or disbursement telephone calls or email inquiries that are received after 5:00 p.m. ET on September 13, 2018 until after the Application deadline. The CDFI Fund will respond to technical issues related to AMIS Accounts

through 5:00 p.m. ET on September 17, 2018, via AMIS Service Requests, or at AMIS@cdfi.treas.gov, or by telephone at (202) 653-0422.
 D. *Cost sharing or matching funds requirements:* Not applicable.
 E. *Other Eligibility Criteria:*
 1. Entities that Submit Applications Together with Affiliates: As part of the Application review process, the CDFI Fund considers whether Applicants are Affiliates, as such term is defined in 12 CFR 1807.104. If an Applicant and its Affiliate(s) wish to submit Applications, they must do so through one of the Affiliated entities, in one Application; an Applicant and its Affiliates may not submit separate Applications. If Affiliates submit multiple or separate Applications, the CDFI Fund may, at its discretion, reject all such Applications received or select only one of the submitted Applications to deem eligible, assuming that Application meets all other eligibility criteria in Section III of this NOFA.
 Furthermore, an Applicant that receives an award in this CMF round may not become an Affiliate of another Applicant that receives an award in this CMF round at any time after the submission of a CMF Application under

this NOFA. This requirement will also be a term and condition of the Assistance Agreement (see additional Application guidance materials on the CDFI Fund’s website at <http://www.cdfifund.gov/cmef> for more details).
 2. An Applicant will not be eligible to receive a CMF Award if the Applicant fails to demonstrate in the Application that its CMF Award would result in Eligible Project Costs (Leveraged Costs plus those costs funded by the CMF Award) that equal at least 10 times the amount of the CMF Award. Note that no costs attributable to Direct Administrative Expenses may be considered Eligible Project Costs.
IV. Application and Submission Information
 A. *Address to Request Application Package:* Application materials can be found on the Grants.gov and the CDFI Fund’s website at www.cdfifund.gov/cmef. Applicants may request a paper version of any Application material by contacting the CDFI Fund Help Desk by email at cmf@cdfi.treas.gov or by phone at (202) 653-0421.
 B. *Content and Form of Application Submission:* The CDFI Fund will post to its website, at www.cdfifund.gov/cmef,

instructions for accessing and submitting an Application. Detailed Application content requirements are found in the Application and related guidance documents.

All Applications must be prepared in English and calculations must be made in U.S. dollars. Table 4 lists the required funding Application documents for the

FY 2018 CMF Round. Applicants must submit all required documents for the Application to be deemed complete. The CDFI Fund reserves the right to request and review other pertinent or public information that has not been specifically requested in this NOFA or the Application. Information submitted by the Applicant that the CDFI Fund has

not specifically requested will not be reviewed or considered as part of the Application. Information submitted must accurately reflect the Applicant's activities and/or its Subsidiary Insured Depository Institution, in the case where the Applicant is an Insured Depository Institution Holding Company.

TABLE 4—FUNDING APPLICATION DOCUMENTS

Application document	Submission format	Required?
Standard Form (SF) 424 Mandatory Form	Fillable PDF in <i>Grants.gov</i> .	Required for all Applicants.
CMF Application	AMIS	Required for all Applicants.
Attachments to the Application		
Audited financial statements, including any Single Audit filed with the Federal Audit Clearinghouse, if the Applicant was required to have a Single Audit completed (most recent 2 fiscal years).	PDF in AMIS	Required for all Applicants.
Any management letters related to the audited financial statements (most recent 2 fiscal years).	PDF in AMIS	Required for all Applicants.
State Charter, Articles of Incorporation, or other establishing documents designating that the Applicant is a nonprofit or not-for-profit entity under the laws of the organization's State of formation.	PDF in AMIS	Required only for Applicants that are <i>not</i> Certified CDFIs.
A certification demonstrating tax exempt status from the IRS. For Applicants that are governmental instrumentalities only, and as long as all other eligibility requirements are met, the CDFI Fund will accept a legal opinion from counsel, in form and substance acceptable to the CDFI Fund, opining that the Applicant is exempt from federal taxation.	PDF in AMIS	Required only for Applicants that are <i>not</i> Certified CDFIs.
Articles of incorporation, by-laws or other documents demonstrating that the Applicant has a principal purpose of managing or developing affordable housing.	PDF in AMIS	Required only for Applicants that are <i>not</i> Certified CDFIs.

The CDFI Fund has a sequential, two-step process that requires the submission of Application documents in separate systems and on separate deadlines. The SF-424 form must be submitted through *Grants.gov* and all other Application documents through the AMIS portal. The CDFI Fund will not accept Applications via email, mail, facsimile, or other forms of communication, except in extremely rare circumstances that have been pre-approved by the CDFI Fund. The separate Application deadlines for the SF-424 and all other Application materials are listed in Tables 1 and 5. Only the Authorized Representative or Application Point of Contact designated in AMIS may submit the Application through AMIS.

Applicants are strongly encouraged to submit the SF-424 as early as possible through *Grants.gov* in order to provide sufficient time to resolve any submission problems. Applicants should contact *Grants.gov* directly with questions related to the registration or submission process, as the CDFI Fund does not administer the *Grants.gov* system.

The CDFI Fund strongly encourages Applicants to start the *Grants.gov* registration process as soon as possible, as it may take several weeks to complete

(refer to the following link: <http://www.grants.gov/web/grants/register.html>). An Applicant that has previously registered with *Grants.gov* must verify that its registration is current and active. If an Applicant has not previously registered with *Grants.gov*, it must first successfully register with SAM, as described in Section IV.D below.

C. Dun and Bradstreet Data Universal Numbering System (DUNS): Pursuant to the Uniform Administrative Requirements, each Applicant must provide as part of its Application submission, a valid Dun & Bradstreet Data Universal Numbering System (DUNS) number. Any Applicant without a DUNS number will not be able to register in SAM or register and submit an Application in the *Grants.gov* system. Please allow sufficient time for Dun & Bradstreet to respond to inquiries and/or requests for DUNS numbers.

D. System for Award Management (SAM): Any entity applying for Federal grants or other forms of Federal financial assistance through *Grants.gov* must be registered in SAM before submitting its Application materials through that platform. The SAM registration process can take a month or longer to complete. A signed notarized letter identifying the authorized Entity

Administrator for the entity associated with the DUNS number is required by SAM before the registration will be activated. This requirement is applicable to new entities registering in SAM, as well as existing entities with registrations being updated or renewed in SAM. Applicants cannot register in SAM without both an EIN and DUNS number. Applicants that have previously completed the SAM registration process must verify that their SAM accounts are current and active. Each Applicant must continue to maintain an active SAM registration with current information at all times during which it has an active Federal award or an application under consideration by a Federal awarding agency. The CDFI Fund will not consider any Applicant that fails to properly register or activate its SAM account and, as a result, is unable to submit its Application by the Application deadline. Applicants must contact SAM directly with questions related to registration or SAM account changes, as the CDFI Fund does not maintain this system. For more information about SAM, please visit <https://www.sam.gov>.

TABLE 5—GRANTS.GOV REGISTRATION TIMELINE SUMMARY

Step	Agency	Estimated minimum time to complete
Obtain a DUNS number	Dun & Bradstreet	One Week.*
Register in <i>SAM.gov</i>	System for Award Management (SAM)	One Month.*
Register in <i>Grants.gov</i>	<i>Grants.gov</i>	One Week.**

* Applicants are advised that the stated duration are estimates only and represent minimum timeframes. Actual timeframes may take longer. The CDFI Fund will not consider any Applicant that fails to properly register or activate its SAM account, has not yet received a DUNS number, and/or fails to properly register in *Grants.gov*.

** This estimate assumes an Applicant has a DUNS number, an EIN number, and is already registered in *SAM.gov*.

E. *Submission Dates and Times:* documents related to the FY 2018 CMF

1. Submission Deadlines: Table 6 lists Funding Round:
the deadlines for submission of the

TABLE 6—FY 2018 CMF DEADLINES FOR APPLICANTS

Document	Deadline	Time—eastern time (ET)	Submission method
SF-424 Mandatory form	August 20, 2018	11:59 p.m. ET	Electronically via <i>Grants.gov</i> .
Create AMIS Account (if the Applicant does not already have one).	August 27, 2018	11:59 p.m. ET	Electronically via AMIS.
CMF Application and Required Attachments	September 17, 2018	5:00 p.m. ET	Electronically via AMIS.

2. Confirmation of Application Submission in *Grants.gov* and AMIS: Applicants are required to submit the OMB SF-424 Mandatory Form through the *Grants.gov* system, under the FY 2018 Capital Magnet Fund Funding Opportunity Number (listed at the beginning of this NOFA). All other required Application materials must be submitted through the AMIS website. Application materials submitted through each system are due by the applicable deadline listed in Table 6. Applicants must submit the SF-424 by an earlier deadline than that of the other required Application materials in AMIS. If the SF-424 is not successfully accepted through *Grants.gov* by the corresponding deadline, the Applicant will not be able to submit the additional Application materials in AMIS, and the Application will be deemed ineligible. Thus, Applicants are strongly encouraged to submit the SF-424 as early as possible in the *Grants.gov* portal, given submission problems may impact the ability to submit a complete Application.

(a) *Grants.gov* Submission Information: Each Applicant will receive an initial email from *Grants.gov* immediately after submitting the SF-424, confirming that the submission has entered the *Grants.gov* system. This email will contain a tracking number for the submitted SF-424. Within 48 hours, the Applicant will receive a second email which will indicate if the submitted SF-424 was either successfully validated or rejected with errors. However, Applicants should not

rely on the email notification from *Grants.gov* to confirm that their SF-424 was validated. Applicants are strongly encouraged to use the tracking number provided in the first email to closely monitor the status of their SF-424 by checking *Grants.gov* directly. The Application materials submitted in AMIS are not accepted by the CDFI Fund until *Grants.gov* has validated the SF-424. If using the *Grants.gov* Workspace function, please note that the Application package has not been submitted if you have not received a tracking number.

(b) AMIS Submission Information: AMIS is a web-based portal where Applicants will directly enter their Application information and add required attachments listed in Table 4. Each Applicant must register as an organization in AMIS in order to submit the required Application materials through this portal. AMIS will verify that the Applicant provided the minimum information required to submit an Application. Applicants are responsible for the quality and accuracy of the information and attachments included in the Application submitted in AMIS. The CDFI Fund strongly encourages the Applicant to allow sufficient time to confirm the Application content, review the material submitted, and remedy any issues prior to the Application deadline. Applicants can only submit one Application in AMIS. Upon submission, the Application will be locked and cannot be resubmitted, edited, or modified in any way. The CDFI Fund will not

unlock or allow multiple Application submissions.

Prior to submission, each Application in AMIS must be signed by an Authorized Representative. An Authorized Representative is an officer, or other individual, who has the actual authority to legally bind and make representations on behalf of the Applicant; consultants working on behalf of the Applicant cannot be designated as Authorized Representatives. The Applicant may include consultants as Application point(s) of contact, who will be included on any communication regarding the Application and will be able to submit the Application, but cannot sign the Application. The Authorized Representative and/or Application point(s) of contact must be included as “Contacts” in the Applicant’s AMIS account. The Authorized Representative must also be a “user” in AMIS. An Applicant that fails to properly register and update its AMIS account may miss important communications from the CDFI Fund or fail to submit an Application successfully. Only the Authorized Representative or Application point of contact, listed in the Application, can submit the Application in AMIS. After submitting its Application, the Applicant will not be permitted to revise or modify its Application in any way or attempt to negotiate the terms of an award.

3. Multiple Application Submissions: Applicants are only permitted to submit one complete Application. However, the

CDFI Fund does not control *Grants.gov*, which does allow for multiple application submissions. Thus, if an Applicant submits multiple SF-424 Applications in *Grants.gov*, the CDFI Fund will only review the SF-424 Application submitted in *Grants.gov* that is attached to the AMIS Application. Applicants can only submit one Application through AMIS.

4. Late Submission: The CDFI Fund will not accept an Application submitted after the applicable *Grants.gov* or AMIS Application deadline, except where the submission delay was a direct result of a Federal government administrative or technological error. This exception includes any errors associated with *Grants.gov*, *SAM.gov*, AMIS or any other applicable government system. Please note that this exception does not apply to errors arising from obtaining a DUNS number from Dun & Bradstreet, which is not a government entity. An Applicant unable to make timely submission of its Application due to any errors in the process of obtaining a DUNS number will not be allowed to submit its Application after the Application deadline has passed. In the event of a government administrative or technological error causing delay, the Applicant must submit a request for acceptance of late Application submission and include documentation of the error no later than two business days after the applicable Application deadline. The CDFI Fund will not respond to requests for acceptance of late Application submissions after that time period. Applicants must submit late Application submission requests via

Service Request in AMIS with the subject line of “FY2018 CMF: Late Application Submission Request.”

5. Intergovernmental Review: Not Applicable.

6. Funding Restrictions: CMF Awards are limited by the following:

(a) A Recipient shall use CMF Award funds only for the eligible activities set forth in 12 CFR 1807.301 and as described in Section II.C and Section II.E of this NOFA and its Assistance Agreement.

(b) A Recipient may not disburse CMF Award funds to an Affiliate, Subsidiary, or any other entity without the CDFI Fund’s prior written approval.

(c) CMF Award dollars shall only be paid to the Recipient.

(d) The CDFI Fund, in its sole discretion, may pay CMF Awards in amounts, or under terms and conditions, which are different from those requested by an Applicant. However, the CDFI Fund will not grant an Award in excess of the amount requested by the Applicant.

V. Application Review Information

A. *Criteria:* All complete and eligible Applications will be reviewed in accordance with the criteria and procedures described in the CMF Interim Rule, this NOFA, the Application guidance, and the Uniform Administrative Requirements. As part of the review process, the CDFI Fund reserves the right to contact the Applicant by telephone, email, mail, or through an on-site visit for the sole purpose of clarifying or confirming Application information at any point during the review process. The CDFI Fund reserves the right to collect such

additional information from Applicants as it deems appropriate. If contacted, the Applicant must respond within the time period communicated by the CDFI Fund or its Application may be rejected. For the sake of clarity, specific application evaluation criteria are described in the context of the overall Application review and selection process described in Section V.B. below.

B. Review and Selection Process:

The CDFI Fund will evaluate each complete and eligible Application using the multi-phase review process described in this Section. For the first two parts of the review process, the Quantitative Assessment and External Review, the Applications will be grouped into two categories: (1) Financing entities and (2) housing developers/managers. Certified CDFIs will be categorized as financing entities. Nonprofit Organizations will select whether they are primarily financing entities or housing developers/managers. These two groups will be evaluated on the criteria listed in this section. The CDFI Fund may elect to use a different criteria where appropriate, in order to evaluate the financial health, capacity, and strategies of these distinct entity types. In general, these differences are noted in this section and the Application.

1. Quantitative Assessment: Each complete and eligible Application will receive a numeric score based on the responses to quantitative questions in the Application. Applications may receive a score of up to 100 points based on the following factors outlined in Table 7.

TABLE 7—QUANTITATIVE ASSESSMENT FACTORS

Section	Points	Assessment criteria
Business and Leveraging Strategy	40	<ul style="list-style-type: none"> • Private leverage multiplier. • Reasonableness of projected activities based on track record. • Applicant-level leverage multiplier. • Whether the Application is proposing to serve Iowa, Maine, North Dakota, Wyoming, the U.S. Virgin Islands, Guam, the Northern Mariana Islands, American Samoa or Puerto Rico.
Community Impact	35	<ul style="list-style-type: none"> • Percent of rental housing units targeted to Very Low-Income (VLI) or below (50 percent of AMI or below). • Percent of Homeownership units targeted to Low-Income or below (80 percent of AMI or below). • Relevant track record of financing and/or supporting units targeted to VLI or LI families. • Commitment to only finance Economic Development Activities in Low-Income Areas (if proposing Economic Development Activities). • Percent of housing units to be financed and/or supported in Areas of Economic Distress.
Organizational Capacity	25	<ul style="list-style-type: none"> • Capitalization. • Operating Performance. • Liquidity. • Audit Results.

Within the Business and Leveraging Strategy Section of the Quantitative Assessment, an Applicant will generally score more favorably to the extent it: Proposes to leverage a higher multiplier of private capital (up to 10 times the

amount of the CMF Award); has a volume of projected activities supported by its track record; and is proposing to leverage some portion of capital at the Applicant-level. An Applicant will also score slightly more favorably if it is

proposing to serve Iowa, Maine, North Dakota, Wyoming, the U.S. Virgin Islands, Guam, the Northern Mariana Islands, American Samoa or Puerto Rico.

Within the Community Impact Section, an Applicant will generally

score more favorably to the extent that it commits to one or more of the following: Financing and/or supporting a higher percentage of rental housing units targeted to Very Low-Income Families (if proposing to use CMF for rental housing), and/or financing and/or supporting a higher percentage of Homeownership units targeted to Low-Income Families (if proposing to use CMF for Homeownership). The Applicant will also score more favorably to the extent that it commits to: Financing and/or supporting Economic Development Activities in Low-Income Areas only (if proposing to use CMF for Economic Developments Activities), and financing and/or supporting a higher percentage of units located in Areas of Economic Distress. Areas of Economic Distress are census tracts: (a) Where at least 20 percent of households that are Very Low-Income (50 percent of AMI or below) spend more than half of their income on housing; or (b) where the unemployment rate is at least 1.5 times the national average; or (c) that are Low-Income Housing Tax Credit Qualified Census Tracts; or (d) where greater than 20 percent of households have incomes below the poverty rate and the rental vacancy rate is at least 10 percent; or (e) where greater than 20 percent of the households have incomes below the poverty rate and the homeownership vacancy rate is at least 10 percent; or (f) are Underserved Rural Areas as defined in the CMF Interim Rule (as amended February 8, 2016; 12 CFR part 1807).

Within the Financial Health section, Applicants will generally score more favorably to the extent that their 3-year financial data indicate, among other things, the following: Strong capitalization; strong operating performance; strong liquidity; and that the Applicant has not had any negative findings (e.g., opinion other than unqualified; a "going concern paragraph;" repeat findings of reportable conditions; material weaknesses in internal control) in any of the three most recently completed annual audits, including its Single Audit, if applicable.

Once the quantitative score is determined, Applicants in each of the two categories (financing entities and housing developers/managers) will be ranked in descending order based on their quantitative review score. The top 80 percent of Applications in each category will be forwarded to the next level of review: External Review. The CDFI Fund reserves the right to forward additional Applications to the External Review phase in order to ensure that a diversity of geographies (including

different states as well as Metropolitan and Rural Areas) are served by the Applicants reviewed in the External Review phase. The CDFI Fund also reserves the right to forward all Applicants to the External Review phase, regardless of Quantitative Assessment score, if fewer than 140 CMF Applications are received.

2. External Review: Applications that advance from the Quantitative Assessment will be separately scored by two or more external non-Federal reviewers who are selected based on criteria that include: A professional background in affordable housing or a background community and economic development finance with experience with affordable housing. These reviewers must complete the CDFI Fund's conflict of interest process and be approved by the CDFI Fund. Reviewers will be assigned a set number of Applications, consisting of either financing entity Applicants or housing developer/manager Applicants, to review. The reviewer will provide a score for each of the Applications assessed in accordance with the scoring criteria outlined in Section V.B.2 of this NOFA and the Application materials.

The external reviewer's evaluation will result in the Application being awarded up to 100 total points by each reviewer. These points will be distributed across three sections: Business and Leveraging Strategy (40 possible points), Community Impact (35 possible points), and Organizational Capacity (25 possible points). An Applicant's final External Review score will be a composite based on the external reviewers' evaluation and Quantitative Assessment factors. The majority of the score will be based on the external reviewers' evaluation.

(a) Business and Leveraging Strategy (40 points): In the Business and Leveraging Strategy section, the Applicant will address: (i) The needs of communities and persons in its proposed Service Area and the extent to which the proposed strategy addresses these needs; (ii) the affordable housing, economic development, and financing gaps addressed by its business strategy; (iii) the projected CMF activities and track record; (iv) the role CMF plays in its project financing strategy; (v) its strategy for leveraging private capital with a CMF Award; and (vi) its strategy for leveraging its CMF Award at the Enterprise-level, through re-investments, and/or at the Project-level (as applicable).

An Applicant will generally score more favorably in the criteria evaluated by the external reviewer to the extent that it: (i) Clearly aligns its proposed

CMF Award activities with the affordable housing needs and financing gaps it identifies; (ii) demonstrates that its strategy and activities will result in more favorable financing rates and terms; (iii) demonstrates that its projected activities are achievable based on the Applicant's strategy and track record; (iv) describes a clear process for locating projects and proposes activities that have a clear need for CMF financing; (v) has a credible pipeline of projects; (vi) has a clear strategy for and track record of leveraging private capital; and (vii) has a clear strategy for and demonstrates a track record of leveraging funds at the Enterprise-level, through re-investments, and/or at the Project-level (as applicable). The extent to which the Applicant proposes to meet the disaster recovery needs of the areas "most impacted and distressed" resulting from a major disaster declared in 2017 (as identified by HUD and published in the **Federal Register** at 83 FR 5844) will also be considered in the External Review phase.

(b) Community Impact (35 points): In the Community Impact Section, the Applicant will address: (i) The extent to which the Applicant's strategy is likely to lead to the Affordable Housing and/or Economic Development Activities impacts referenced in the Application; (ii) its strategy and track record of financing and/or supporting housing units targeted to Low-Income Families (for Homeownership) and to Very Low-Income Families (for rental); (iii) its plans for financing and/or supporting Affordable Housing in Areas of Economic Distress; (iv) its community engagement and partnerships; (v) if applicable, its strategy and track record of financing and/or supporting Economic Development Activities and how these activities fit in a Concerted Strategy and will benefit the residents of nearby Affordable Housing.

An Applicant will generally score more favorably in the criteria evaluated by the external reviewer to the extent that it: (i) Demonstrates how its business strategy will result in one or more of the Affordable Housing and/or Economic Development Activities impacts identified in the Application and the extent to which it has articulated and quantified measurements and evidence to support these impacts; (ii) demonstrates a clear and compelling strategy for financing and/or supporting housing units targeted to Low-Income Families (for Homeownership) and Very-Low Income Families (for rental); (iii) presents a strong ability to finance and/or support Affordable Housing in Areas of Economic Distress; (iv) has community engagement and

partnerships that will lead to greater unit production, allow the Applicant to serve geographic areas it otherwise could not reach, and/or result in identified community impacts that benefit Affordable Housing residents; and (v) for Economic Development Activities, demonstrates how its proposed Economic Development Activities fit within a Concerted Strategy and will benefit the residents of the nearby Affordable Housing.

(c) Organizational Capacity (25 points): In the Organizational Capacity section, the Applicant will discuss: (i) Its management team and key staff; (ii) the roles and responsibilities of those staff in managing a CMF Award; (iii) its past experience managing Federal awards (including past CMF Awards); and (iv) its financial health and lending or property portfolio (as applicable).

An Applicant will generally score more favorably in the criteria evaluated by the external reviewer to the extent that it demonstrates: (i) Strong qualifications of its key personnel with respect to their skills and experience in identifying investments, underwriting or developing similar projects (as applicable), managing a portfolio of similar activities and ensuring compliance with program requirements; (ii) success in administering prior CMF Awards, CDFI and/or other Federal program awards; (iii) strong financial health; and (iv) solid portfolio performance (as applicable).

(d) Scoring anomaly: If, in the case of a particular Application, the reviewers' total External Review scores vary significantly from each other, the CDFI Fund may, in its sole discretion, obtain the evaluation and numeric scoring of an additional reviewer to determine whether the anomalous score should be replaced with the score of the additional reviewer.

3. Internal Review: At the conclusion of the External Review phase, each group of Applications (financing entities and housing developers/managers) will be ranked separately based on their External Review score. The CMF Program Manager will then determine the overall number of Applications that will be initially forwarded for Internal Review. The CMF Program Manager may elect to initially forward up to 50 Applications to the Internal Review phase to receive further consideration for a CMF Award. Such Applications will be forwarded for Internal Review in descending order of External Review score. The forwarded Applications will be drawn from the financing entity and housing developer/manager groups in proportion to each group's representation in the overall

Application pool. For example, if the Applicant pool is 60 percent financing entities and 40 percent housing developers/managers and the CMF Program Manager elects to forward 50 Applications to the Internal Review Phase, the highest scoring 30 Applications from the financing entity group and the highest scoring 20 Applications from the housing developers/managers group would be forwarded to Internal Review.

These forwarded Applications will constitute the highly qualified pool. During the Internal Review, CDFI Fund staff will prioritize the Applications in the highly qualified pool for an award based on a combination of the following criteria: (i) Final External Review score; (ii) alignment with CMF statutory and policy priorities; (iii) the overall quality of the Applicant's strategy; and (iv) the Applicant's organizational capacity and financial health. The CDFI Fund will not attempt to ensure any specific balance of financing entities and housing developers/managers in the final Award pool.

In assessing the Application's alignment with CMF statutory and policy priorities, CDFI Fund staff will consider the following factors, including, but not limited to: The Applicant's proposed activities in Areas of Economic Distress; income targeting of the portfolio of Affordable Housing units to be financed and/or supported; the amount of private capital it will leverage with a CMF Award; and the amount of new Enterprise-level private capital that the Applicant will attract to its Service Area.

In assessing the quality of the Applicant's strategy, the CDFI Fund staff will consider the following factors, including, but not limited to: (i) The quality of the Applicant's strategy with respect to how the strategy and financing activities address identified community needs; (ii) whether the proposed financing activities will help to fill the financing gaps in their market; (iii) whether the CMF funds will contribute to the Applicant offering more favorable rates and terms than are currently available in its Service Area; (iv) whether the Applicant's projections are supported by its organizational track record, as well as the quality of its pipeline; (v) whether the proposed deployment/redeployment schedule is realistic, achievable and risk has been appropriately considered; (vi) the likely success of the strategy to leverage private capital; (vii) whether the strategy is adaptable to changing market conditions; (viii) whether the Applicant's strategy is likely to create identified community impacts and the

extent to which the Applicant has articulated quantifiable measurements and evidence to support these impacts; (ix) the Applicant's approach for financing/supporting Affordable Housing in Areas of Economic Distress and meeting Affordable Housing income targeting goals; and (x) to the extent the Applicant is proposing to undertake Economic Development Activities, how those activities are part of a Concerted Strategy and will benefit residents of affordable housing.

In assessing the Applicant's organizational capacity and financial health, the CDFI Fund Staff will consider the following factors, including, but not limited to, the Applicant's: Financial position and organizational strength; ability to meet Federal Award management standards and file appropriate reports and address findings from audits; and staff capacity. Applicants may be re-prioritized for an Award or Award amounts may be reduced as a result of this analysis.

In the case of an Applicant that has received awards from other Federal programs, the CDFI Fund reserves the right to contact officials from the appropriate Federal agency or agencies to determine whether the Recipient is in compliance with current or prior award agreements, and to take such information into consideration before making a CMF Award.

In addition to the criteria outlined above, the Applicant's ability to deploy the CMF Award in a timely manner will be a key determinant in funding recommendation. Deployment considerations may include the Applicant's track record of activities compared with projections, the Applicant's progress in committing and/or deploying past CMF Awards, and whether the Applicant received a FY 2018 CDFI/NACA Program award for a similar business strategy as the proposed use of the CMF Award. The CDFI Fund may also consider the geographies served when determining funding recommendations.

4. Selection: Once Applications have been internally evaluated and preliminary award determinations have been made, the Applications will be forwarded to a selecting official for a final award determination. After preliminary award determinations are made, the selecting official will review the list of potential Recipients to determine whether the Recipient pool meets the following statutory objectives:

(a) The potential Recipients' proposed Service Areas collectively represent broad geographic coverage throughout the United States; and

(b) The potential Recipients' proposed activities equitably represent both Metropolitan Areas and Rural Areas. For the purposes of the FY 2018 CMF Round, the term Rural Areas is defined per 12 CFR 1282.1 (Enterprise Duty To Serve Final Rule) as (i) A census tract outside of a Metropolitan Statistical Area as designated by the Office of Management and Budget; or (ii) A census tract in a Metropolitan Statistical Area as designated by the Office of Management and Budget that is outside of the Metropolitan Statistical Area's Urbanized Areas, as designated by the U.S. Department of Agriculture's (USDA) Rural-Urban Commuting Area (RUCA) Code #1, and outside of tracts with a housing density of over 64 housing units per square mile for USDA's RUCA Code #2. The CDFI Fund will publish a dataset indicating which census tracts are designated as Rural Areas for the FY 2018 Round on its website.

The CDFI Fund reserves the right to modify CMF Award amounts and/or the CMF Recipient pool if deemed necessary to achieve either of these statutory objectives. In order to evaluate the geographic coverage of the potential CMF Recipient pool, Applicants will be asked to designate one of the following three Service Area types in their Applications: Local, Statewide, or Multi-State. These Service Area types are further defined in the Application; the largest Service Area an Applicant can propose is a 10 state Multi-State Service Area. To achieve greater investment in Rural Areas and/or broader geographic coverage, the CDFI Fund may consider an Application ranked outside of the highly qualified pool to receive an Award. However, the CDFI Fund will not award an Application that scores in the bottom 50 percent of the External Review score rankings. During the selection process, the CDFI Fund also reserves the right to modify or place restrictions on the Service Area requested in any Applicant's Application in order to further these statutory objectives.

In cases where the selecting official's award determination varies significantly from the initial CMF Award amount recommended by the CDFI Fund staff review, the CMF Award recommendation will be forwarded to a reviewing official for final determination. The CDFI Fund, in its sole discretion, reserves the right to reject an Application and/or adjust CMF

Award amounts as appropriate, based on information obtained during the review process.

5. **Insured Depository Institution Applicants:** In the case of Applicants that are Insured Depository Institutions or Insured Credit Unions, the CDFI Fund will consider safety and soundness information from the Appropriate Federal Banking Agency or Appropriate State Agency, as applicable. If the Applicant is a CDFI Depository Institution Holding Company, the CDFI Fund will consider information provided by the Appropriate Federal Banking Agency and Appropriate State Agency about both the CDFI Depository Institution Holding Company and the CDFI Insured Depository Institution that will expend and carry out the Award. If the Appropriate Federal Banking Agency or Appropriate State Agency identifies safety and soundness concerns, the CDFI Fund will assess whether the concerns cause or will cause the Applicant to be incapable of undertaking the activities for which funding has been requested.

6. **Right of Rejection:** The CDFI Fund reserves the right to reject an Application if information (including administrative errors) comes to the attention of the CDFI Fund that adversely affects an Applicant's eligibility for an award, adversely affects the CDFI Fund's evaluation or scoring of an Application, or indicates fraud or mismanagement on the Applicant's part. If the CDFI Fund determines that any portion of the Application is incorrect in any material respect, the CDFI Fund reserves the right, in its sole discretion, to reject the Application. The CDFI Fund reserves the right to change its eligibility and evaluation criteria and procedures, if the CDFI Fund deems it appropriate. If said changes materially affect the CDFI Fund's award decisions, the CDFI Fund will provide information regarding the changes through the CDFI Fund's website. There is no right to appeal the CDFI Fund's award decisions. The CDFI Fund's award decisions are final.

7. **Anticipated Award Announcement:** The CDFI Fund anticipates making CMF Award announcements in early 2019.

VI. Federal Award Administration Information

A. **Award Notification:** Each successful Applicant will receive notification from the CDFI Fund stating

that its Application has been approved for an award. Each Applicant not selected for an award will receive notification and provided a debriefing document in its AMIS account.

B. **Administrative and Policy Requirements Prior to Entering into an Assistance Agreement:** The CDFI Fund may, in its discretion and without advance notice to the Recipient, terminate the award or take other actions as it deems appropriate if, prior to entering into an Assistance Agreement, information (including an administrative error) comes to the CDFI Fund's attention that adversely affects the following: The Recipient's eligibility for an award; the CDFI Fund's evaluation of the Application; the Recipient's compliance with any requirement listed in the Uniform Requirements; or indicates fraud or mismanagement on the Recipient's part.

If the Recipient's certification status as a CDFI changes prior to entering into an Assistance Agreement, the CDFI Fund reserves the right, in its sole discretion, to re-calculate the CMF Award, or modify the Assistance Agreement based on the Recipient's non-CDFI status.

By receiving notification of a CMF Award, the Recipient agrees that, if the CDFI Fund becomes aware of any information (including an administrative error) prior to the Effective Date of the Assistance Agreement that either adversely affects the Recipient's eligibility for an CMF Award, or adversely affects the CDFI Fund's evaluation of the Recipient's Application, or indicates fraud or mismanagement on the part of the Recipient, the CDFI Fund may, in its discretion and without advance notice to the Recipient, rescind the notice of award or take other actions as it deems appropriate.

The CDFI Fund reserves the right, in its sole discretion, to rescind an award if the Recipient fails to return the Assistance Agreement, signed by an Authorized Representative of the Recipient, and/or provide the CDFI Fund with any other requested documentation, within the CDFI Fund's deadlines.

In addition, the CDFI Fund reserves the right, in its sole discretion, to terminate and rescind the Assistance Agreement and the award made under this NOFA for any criteria described in Table 8:

TABLE 8—REQUIREMENTS PRIOR TO EXECUTING AN ASSISTANCE AGREEMENT

Requirement	Criteria
Failure to meet reporting requirements.	<ul style="list-style-type: none"> • If a Recipient received a prior award or allocation under any CDFI Fund program and is not current on the reporting requirements set forth in the previously executed assistance, award, allocation, bond loan agreement(s), or agreement to guarantee, as of the date of the notice of award, the CDFI Fund reserves the right, in its sole discretion, to delay entering into an Assistance Agreement and/or to delay making a Payment of CMF Award, until said prior Recipient or Allocatee is current on the reporting requirements in the previously executed assistance, award, allocation, bond loan agreement(s), or agreement to guarantee. • If such a prior Recipient or Allocatee is unable to meet this requirement within the timeframe set by the CDFI Fund, the CDFI Fund reserves the right, in its sole discretion, to terminate and rescind the notice of award and the CMF Award made under this NOFA. • Please note that automated systems employed by the CDFI Fund for receipt of reports submitted electronically typically acknowledge only a report's receipt; such acknowledgment does not warrant that the report received was complete, nor that it met reporting requirements. If said prior Recipient or Allocatee is unable to meet this requirement within the timeframe set by the CDFI Fund, the CDFI Fund reserves the right, in its sole discretion, to terminate and rescind the notice of Award and the CMF Award made under this NOFA.
Failure to maintain CDFI Certification (if applicable) or eligible Nonprofit Organization status (if applicable).	<ul style="list-style-type: none"> • A Recipient must be a Certified CDFI or an eligible Nonprofit Organization, as each is defined in the CMF Interim Rule and this NOFA, prior to entering into an Assistance Agreement. <p>If, at any time prior to entering into an Assistance Agreement under this NOFA, an Applicant that is a Certified CDFI has submitted reports (or failed to submit an annual certification report as instructed by the CDFI Fund) to the CDFI Fund that demonstrate noncompliance with the requirements for certification, but the CDFI Fund has yet to make a final determination regarding whether or not the entity is Certified, the CDFI Fund reserves the right, in its sole discretion, to delay entering into an Assistance Agreement and/or to delay making a Payment of CMF Award, pending full resolution, in the sole determination of the CDFI Fund, of the noncompliance.</p>
Pending resolution of noncompliance.	<ul style="list-style-type: none"> • If the Applicant is unable to meet this requirement, in the sole determination of the CDFI Fund, the CDFI Fund reserves the right, in its sole discretion, to terminate and rescind the notice of award and the CMF Award made under this NOFA. • If, at any time prior to entering into an Assistance Agreement under this NOFA, an Applicant that is a prior CDFI Fund award Recipient or Allocatee under any CDFI Fund program has submitted reports to the CDFI Fund that demonstrate noncompliance with a previous assistance, award, or allocation agreement, but the CDFI Fund has yet to make a final determination regarding whether or not the entity is in default of its previous assistance, award, allocation, bond loan agreement, or agreement to guarantee, the CDFI Fund reserves the right, in its sole discretion, to delay entering into an Assistance Agreement and/or to delay making a Payment of CMF Award, pending full resolution, in the sole determination of the CDFI Fund, of the noncompliance. • If said prior Recipient or Allocatee is unable to meet this requirement, in the sole determination of the CDFI Fund, the CDFI Fund reserves the right, in its sole discretion, to terminate and rescind the notice of award and the CMF Award made under this NOFA.
Default or Equivalent Noncompliance status.	<ul style="list-style-type: none"> • If, at any time prior to entering into an Assistance Agreement, the CDFI Fund determines that a Recipient is in default (or equivalent noncompliance status) of an active, previously executed agreement with the CDFI Fund and the Recipient was provided written notification of such determination, the CDFI Fund can delay entering into an Assistance Agreement, until the Recipient has cured the default (or equivalent noncompliance status), if applicable, by taking actions the CDFI Fund has specified within the specified timeframe.
Final Default and Sanctions	<ul style="list-style-type: none"> • If the CDFI Fund has found the Recipient in final default of a prior executed agreement and provided notification of sanctions, the CDFI Fund may delay entering into an Assistance Agreement with the Recipient, impose conditions prior to entering in Assistance Agreement, or modify or rescind all or a portion of the CMF Award made under this NOFA within the time period specified in such notification.
Compliance with Federal civil rights requirements.	<ul style="list-style-type: none"> • The CDFI Fund will terminate and rescind the Assistance Agreement and the CMF Award made under this NOFA if, prior to entering into an Assistance Agreement under this NOFA, the Recipient receives a final determination, made within the last 3 years of the date of this NOFA, in any proceeding instituted against the Recipient in, by, or before any court, governmental, or administrative body or agency, declaring that the CMF Award Recipient has violated the following laws: Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d); Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794); the Age Discrimination Act of 1975 (42 U.S.C. 6101–6107); Title VIII of the Civil Rights Act of 1968, as amended (42 U.S.C. 3601 <i>et seq.</i>); and Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency.
Do Not Pay	<ul style="list-style-type: none"> • The CDFI Fund reserves the right, in its sole discretion, to rescind an award if the Recipient is identified as an ineligible Recipient in the Do Not Pay database. • The Do Not Pay Business Center was developed to support Federal agencies in their efforts to reduce the number of improper payments made through programs funded by the Federal government.
Safety and soundness	<ul style="list-style-type: none"> • If it is determined that the Recipient is or will be incapable of meeting its CMF Award obligations, the CDFI Fund will deem the Recipient to be ineligible or require it to improve safety and soundness conditions prior to entering into an Assistance Agreement.

C. *Assistance Agreement*: Each Applicant that is selected to receive an award under this NOFA must enter into an Assistance Agreement with the CDFI Fund in order to become a Recipient and receive Payment. Each CMF Award under this NOFA generally will have a period of performance that begins with the announcement date of the award and continues until the end of the period of affordability, as set forth at 12 CFR 1807.401(d) and 12 CFR 1807.402, and as further set forth in the Assistance Agreement.

1. The Assistance Agreement will set forth certain required terms and

conditions of the CMF Award, which will include, but not be limited to:

- (a) The amount of the award;
- (b) The approved uses of the award;
- (c) The approved Service Area in which the award may be used;
- (d) Performance goals and measures;
- (e) Reinvestment requirements for Program Income; and
- (f) Reporting requirements for all Recipients.

2. Prior to executing the Assistance Agreement, the CDFI Fund may, in its discretion, allow Recipients to request changes to the Service Area of the Award and certain performance goals

and measures. The CDFI Fund, in its sole determination, may approve or reject these requested changes or propose other modifications, including a reduction in the Award amount. The CDFI Fund will only approve performance goals and measures or Service Area changes if it determines that such requested changes do not undermine the competitive process upon which the CMF Award determination was made. The CDFI Fund may also, in its discretion, provide Recipients the opportunity to add states to their Service Area in order to serve states not already covered in the Award

pool and to further HERA’s goal that the CMF serve geographically diverse areas of every state. Any modifications agreed upon prior to the execution of the Assistance Agreement will become a condition of the Award.

3. The Assistance Agreement shall provide that, prior to any determination by the CDFI Fund that a Recipient has failed to comply substantially with the Act, the CMF Interim Rule, or the environmental quality regulations, the CDFI Fund shall provide the Recipient with reasonable notice and opportunity for hearing. If the Recipient fails to comply substantially with the Assistance Agreement, the CDFI Fund may:

- (a) Require changes in the performance goals set forth in the Assistance Agreement;
- (b) Reduce or terminate the CMF Award; or
- (c) Require repayment of any CMF Award that has been distributed to the Recipient.

4. The Assistance Agreement shall also provide that, if the CDFI Fund determines noncompliance with the terms and conditions of the Assistance Agreement on the part of the Recipient, the CDFI Fund may:

- (a) Bar the Recipient from reapplying for any assistance from the CDFI Fund; or
- (b) Take such other actions as the CDFI Fund deems appropriate or as set forth in the Assistance Agreement.

5. In addition to entering into an Assistance Agreement, each Applicant

selected to receive a CMF Award must furnish to the CDFI Fund a certificate of good standing from the jurisdiction in which it was formed. The CDFI Fund may, in its sole discretion, also require the Applicant to furnish an opinion from its legal counsel, the content of which may be further specified in the Assistance Agreement, and which, among other matters, opines that:

- (a) The Recipient is duly formed and in good standing in the jurisdiction in which it was formed and the jurisdiction(s) in which it transacts business;
- (b) The Recipient has the authority to enter into the Assistance Agreement and undertake the activities that are specified therein;
- (c) The Recipient has no pending or threatened litigation that would materially affect its ability to enter into and carry out the activities specified in the Assistance Agreement;
- (d) The Recipient is not in default of its articles of incorporation or formation, bylaws or operating agreements, other organizational or establishing documents, or any agreements with the Federal government; and
- (e) The CMF affordability restrictions that are to be imposed by deed restrictions, covenants running with the land, or other CDFI Fund approved mechanisms are recordable and enforceable under the laws of the State and locality where the Recipient will undertake its CMF activities.

D. Paperwork Reduction Act: Under the Paperwork Reduction Act (44 U.S.C. chapter 35), an agency may not conduct or sponsor a collection of information, and an individual is not required to respond to a collection of information, unless it displays a valid OMB control number. If applicable, the CDFI Fund may inform Applicants that they do not need to provide certain Application information otherwise required. Pursuant to the Paperwork Reduction Act, the Capital Magnet Fund Application has been assigned the following control number: 1559–0036.

E. Reporting: The CDFI Fund will require each Recipient that receives a CMF Award through this NOFA to account for and report to the CDFI Fund on the use of the CMF Award. This will require Recipients to establish administrative controls, subject to the Uniform Administrative Requirements and other applicable OMB guidance. The CDFI Fund will collect information from each such Recipient on its use of the CMF Award annually following Payment and more often if deemed appropriate by the CDFI Fund in its sole discretion. The CDFI Fund will provide guidance to Recipients outlining the format and content of the information required to be provided to describe how the funds were used.

The CDFI Fund may collect information from each Recipient including, but not limited to, an Annual Report with the components listed in Table 9:

TABLE 9—REPORTING REQUIREMENTS

Criteria	Description
Single Audit Narrative Report (or like report).	The Recipient must submit, via AMIS, a Single Audit Narrative Report for each year of its period of performance notifying the CDFI Fund whether it is required to have a single audit pursuant to OMB Single Audit requirements.
Single Audit (if applicable)	If a nonprofit Recipient is required to complete a Single Audit Report, it must be submitted to the Federal Audit Clearinghouse (see 2 CFR subpart F—Audit Requirements in the Uniform Requirements) and AMIS (optional).
Financial Statement Audit	For-profit and nonprofit Recipients must submit a Financial Statement Audit (FSA) report in AMIS, performed by an independent certified public accountant, as specified in the Assistance Agreement. This report will not be required for Insured Credit Unions, Insured Depository Institutions, or Depository Institution Holding Companies.
Performance Report	The Recipient must submit a performance report not less than annually, which is a progress report on the Recipient’s use of the CMF Award towards meeting its performance goals, affordable housing outcomes, and the Recipient’s overall performance. The CMF Performance Report covers the Announcement Date through the Investment Period for the CMF Award and the ten-year Affordability Period for each Project. The Investment Period shall mean the period beginning with the Effective Date of the Assistance Agreement and ending not earlier than the fifth year anniversary of the Effective Date, or as otherwise established in the Assistance Agreement. The Affordability Period shall mean, for each Project, the period beginning on the date when the Project is placed into service and consisting of the full ten consecutive years thereafter, or as otherwise established in the Assistance Agreement. If the Recipient fails to meet a performance goal or reporting requirements, it must submit an explanation of noncompliance via AMIS.
Environmental Review	The Recipient shall submit the Environmental Review Notification Report each time the Recipient identifies a new proposed CMF project for which (i) a categorical exclusion does not apply and/or (ii) the Recipient determines that the proposed project does involve actions that normally require an Environmental Impact Statement, as described in 12 CFR part 1815. The Environmental Review Notification Report must be submitted to the CDFI Fund no later than ninety (90) days prior to the date that funds are Committed to a project.

Each Recipient is responsible for the timely and complete submission of the annual reporting documents. The CDFI Fund will use such information to

monitor each Recipient’s compliance with the requirements set forth in the Assistance Agreement and to assess the impact of the CMF. The CDFI Fund

reserves the right, in its sole discretion, to modify these reporting requirements if it determines it to be appropriate and necessary; however, such reporting

requirements will be modified only after notice to Recipients.

F. Financial Management and Accounting: The CDFI Fund will require Recipients to maintain financial management and accounting systems that comply with Federal statutes, regulations, and the terms and conditions of the CMF Award. These systems must be sufficient to permit the preparation of reports required by general and program specific terms and conditions, including the tracing of funds to a level of expenditures adequate to establish that such funds have been used in accordance with the Federal statutes, regulations, and the terms and conditions of the CMF Award.

The cost principles used by Recipients must be consistent with

Federal cost principles; must support the accumulation of costs as required by the principles; and must provide for adequate documentation to support costs charged to the CMF Award. In addition, the CDFI Fund will require Recipients to: Maintain effective internal controls; comply with applicable statutes and regulations, the Assistance Agreement, and related guidance; evaluate and monitor compliance; take action when not in compliance; and safeguard personally identifiable information.

VII. Agency Contacts

A. Availability: The CDFI Fund will respond to questions and provide support concerning this NOFA and the Application between the hours of 9:00 a.m. and 5:00 p.m. ET, starting on the

date of the publication of this NOFA until the close of business on the third business day preceding the Application deadline. The CDFI Fund will not respond to questions or provide support concerning the Application that are received after 5:00 p.m. ET on said date, until after the Application deadline. CDFI Fund IT support will be available until 5:00 p.m. ET on date of the Application deadline. Applications and other information regarding the CDFI Fund and its programs may be obtained from the CDFI Fund’s website at <http://www.cdfifund.gov/cmf>. The CDFI Fund will post on its website responses to questions of general applicability regarding the CMF.

B. The CDFI Fund’s contact information is listed in Table 10:

TABLE 10—CONTACT INFORMATION

Type of question	Preferred method	Telephone No. (not toll free)	Email addresses
CMF	Submit a Service Request in AMIS	202–653–0421	cmf@cdfi.treas.gov .
CDFI Certification	Submit a Service Request in AMIS	202–653–0423	ccme@cdfi.treas.gov .
Compliance Monitoring and Evaluation ...	Submit a Service Request in AMIS	202–653–0423	ccme@cdfi.treas.gov .
Information Technology Support	Submit a Service Request in AMIS	202–653–0422	AMIS@cdfi.treas.gov .

The preferred method of contact is to submit a Service Request (SR) within AMIS. For a CMF Application question, select “General Inquiry” for the record type and select “CMF—Application” for the type. For a CDFI Certification or Compliance question, select “General Inquiry” for the record type and select the appropriate type. For Information Technology, select “General Inquiry” for the record type and select “CMF—AMIS technical problem” for the type. Failure to select the appropriate type of SR could result in delays in responding to your question.

C. Communication with the CDFI Fund: The CDFI Fund will use AMIS to communicate with Applicants and Recipients, using the contact information maintained in their respective AMIS accounts. Therefore, the Recipient and any Subsidiaries, signatories, and Affiliates must maintain accurate contact information (including contact persons and Authorized Representatives, email addresses, fax numbers, phone numbers, and office addresses) in its AMIS account(s). For more information about AMIS please see the Help documents posted at <https://amis.cdfifund.gov/s/Training>.

VIII. Other Information

The CMF regulations are set forth in 12 CFR part 1807. 12 CFR 1807.105 provides the CDFI Fund the ability to

waive any part of the regulations for good cause: “The CDFI Fund may waive any requirement of this part that is not required by law upon a determination of good cause. Each such waiver shall be in writing and supported by a statement of the facts and the grounds forming the basis of the waiver. For a waiver in an individual case, the CDFI Fund must determine that application of the requirement to be waived would adversely affect the achievement of the purposes of the Act. For waivers of general applicability, the CDFI Fund will publish notification of granted waivers in the Federal Register.” Pursuant to this requirement, the CDFI Fund is publishing notification in this NOFA that it hereby waives a portion of 12 CFR 1807.501 for all Recipients of CMF Awards.

A. Statement of Facts: Per § 4569(h)(4) of HERA, grants under CMF “shall be committed for use within 2 years.” Pursuant to HERA, the CDFI Fund issued regulations through the CMF Interim Rule (12 CFR part 1807). 12 CFR 1807.501(a) requires CMF Recipients to issue Commitments for use of the Award within two years of the Effective Date of the Assistance Agreement. 12 CFR 1807.501(b) requires that the Commitment be a written, legally binding agreement to provide CMF Award proceeds to a qualifying Family, developer, or project sponsor for each

specific Project. A legally-binding agreement means that the Recipient must have a counterparty to which it can issue the Commitment. This definition of Commitment effectively precludes CMF Award Recipients from Committing CMF Award dollars to an Affordable Housing or Economic Development Activity where the Recipient itself conducts or provides Loan Loss Reserves for the Development, Preservation, Rehabilitation, or Purchase of Affordable Housing or Economic Development Activity, and there is not a counterparty to effectuate a legally-binding agreement.

B. Grounds for Waiver: The CDFI Fund has discovered that Recipients are varied in their business models and entity types and thus their ability to identify a separate legal entity to demonstrate the CMF Award is Committed also varies. Some Recipients are developers and will use their CMF Awards for predevelopment activities and thus have not created a separate legal entity in the early stages of a Project. Those Recipients that are tribal entities may not be able to create a separate legal entity due to the laws of their tribal government. Recipients that are using their CMF Award for Purchase often are required to have a mortgage lending license under state law that allows them to provide mortgages. Thus

requiring a Recipient to have a legally binding agreement with an entity that has a mortgage lending license is often not feasible. In this scenario, it is more reliable to have the Recipient provide the mortgage financing directly to the Low-Income Families. The CDFI Fund has determined that for the purpose of evidencing Commitment to a Project for Purchase and achieving Project Completion for Purchase, a Recipient's entire portfolio of Homeownership financed and/or supported with its CMF Award will be deemed a Project.

For the above stated reasons, the CDFI Fund is issuing a general waiver herein of 12 CFR 1807.501(b) in cases where the CMF Award Recipient serves in the role as the developer for the Project or is financing and/or supporting a Project for Purchase and the Project is not owned, sponsored, or being developed by a limited partnership or limited liability company or other separate entity. Additionally, the CDFI Fund is issuing a general waiver herein of 12 CFR 1807.501(b) in cases where the Recipient is committing its CMF Award to a Loan Loss Reserve made by the Recipient, where the reserve is not pledged to a third party or separate entity affiliated with the Recipient, but is used to reserve against losses from loans directly made by the Recipient.

In lieu of a legally binding written agreement, such Recipients will be able to evidence a Commitment via a Board of Director's resolution for an identified Project. The resolution will be required to be in the form and substance acceptable to the CDFI Fund in its sole discretion. The CDFI Fund has determined that providing this waiver does not adversely affect the achievement of the purposes of HERA.

Authority: Pub. L. 110-289, 12 U.S.C. 4701, 12 CFR part 1805, 12 CFR part 1807, 12 CFR part 1815, 12 U.S.C. 4502.

Mary Ann Donovan,
Director, Community Development Financial Institutions Fund.

[FR Doc. 2018-15473 Filed 7-19-18; 8:45 am]

BILLING CODE 4810-70-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

Proposed Collection; Comment Request for Regulation Project

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice and request for comments.

SUMMARY: The Internal Revenue Service, as part of its continuing effort to reduce

paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on continuing information collections, as required by the Paperwork Reduction Act of 1995. The IRS is soliciting comments on forms used by individual taxpayers: Comment Request focused on Form 1040 and Schedules 1, 2, 3, 4, 5, 6, the discontinuance of 1040A and 1040EZ and revised Form W-4. The remainder of the collection including Schedules A, B, C, C-EZ, D, E, EIC, F, H, J, R, and SE, Form 1040NR, Form 1040NR-EZ, Form 1040X, and all attachments to these forms will be addressed on the next submission of the information collection.

DATES: Comments should be received on or before September 18, 2018 to be assured of consideration.

ADDRESSES: Taxpayers may submit comments electronically via the Federal eRulemaking Portal at www.regulations.gov (type IRS-2018-0015 in the search field on the regulation.gov homepage to find this notice and submit comments). All recommendations for guidance submitted by the public in response to this notice will be available for public inspection and copying in their entirety. Direct all written comments to Laurie Brimmer, Internal Revenue Service, at (202) 317-5756, Room 6529, 1111 Constitution Avenue NW, Washington, DC 20224.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the form should be directed to Kerry Dennis at Internal Revenue Service, at (202) 317-5751 Room 6529, 1111 Constitution Avenue NW, Washington, DC 20224, or through the internet, at omb.unit@irs.gov.

SUPPLEMENTARY INFORMATION:

PRA Approval of Forms Used by Individual Taxpayers

Under the PRA, OMB assigns a control number to each "collection of information" that it reviews and approves for use by an agency. The PRA also requires agencies to estimate the burden for each collection of information. Burden estimates for each control number are displayed in (1) PRA notices that accompany collections of information, (2) **Federal Register** notices such as this one, and (3) OMB's database of approved information collections.

Taxpayer Burden Model

The IRS uses the Individual Taxpayer Burden Model (ITBM) to estimate the burden experienced by individual

taxpayers when complying with Federal tax laws. The model was developed using a survey of tax year 2015 individual taxpayers that was fielded in 2016 and 2017. The approach to measuring burden focuses on the characteristics and activities undertaken by individual taxpayers in meeting their tax return filing obligations.

Burden is defined as the time and out-of-pocket costs incurred by taxpayers in complying with the Federal tax system. Out-of-pocket costs include any expenses incurred by taxpayers to prepare and submit their tax returns. Examples include tax return preparation fees, the purchase price of tax preparation software, submission fees, photocopying costs, postage, and phone calls (if not toll-free).

The methodology distinguishes among preparation method, taxpayer activities, taxpayer type, filing method, and income level. Indicators of tax law and administrative complexity, as reflected in the tax forms and instructions, are incorporated into the model.

Preparation methods reflected in the model are as follows:

- Self-prepared without software,
- Self-prepared with software, and
- Use of a paid preparer or tax professional.

Types of taxpayer activities reflected in the model are as follows:

- Recordkeeping,
- Tax planning,
- Gathering tax materials,
- Use of services (IRS and other),
- Form completion, and
- Form submission.

Taxpayer Burden Estimates

Summary level results from fiscal year 2018 using this methodology are presented below. The data shown were the best forward-looking estimates available for income tax returns filed for tax year 2017.

The burden estimates were based on tax year 2017 statutory requirements as of January 31, 2018 for taxpayers filing a tax year 2017 Form 1040, 1040A, or 1040EZ tax return. Time spent and out-of-pocket costs are presented separately. Time burden is broken out by taxpayer activity, with record keeping representing the largest component. Out-of-pocket costs include any expenses incurred by taxpayers to prepare and submit their tax returns. Examples include tax return preparation and submission fees, postage and photocopying costs, and tax preparation software costs.

Reported time and cost burdens are national averages and do not necessarily reflect a "typical" case. Most taxpayers