

**DEPARTMENT OF THE TREASURY****Community Development Financial Institutions Fund****Notice of Funds Availability (NOFA) Inviting Applications for the Community Development Financial Institutions Program—Core Component**

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

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

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

This NOFA is in connection with the Core Component of the CDFI Program. The Core Component provides direct assistance to CDFIs that serve their target markets through loans, investments and other activities. (These primary activities do not include the financing of other CDFIs. Elsewhere in this issue of the **Federal Register**, the Fund is publishing a separate NOFA for the third round of the Intermediary Component of the CDFI Program. The Intermediary Component provides financial assistance to CDFIs that provide financing primarily to other CDFIs and/or to support the formation of CDFIs.)

**DATES:** Applications may be submitted at any time following October 26, 1998. The deadline for receipt of an application is 6 p.m. EST on January 21, 1999. Applications received in the offices of the Fund after that date and

time will be rejected and returned to the sender. Applications sent electronically or by facsimile will not be accepted.

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

**FOR FURTHER INFORMATION CONTACT:** If you have any questions about the programmatic requirements for this program, contact the CDFI Program Manager. Should you wish to request an application package or have questions regarding application procedures, contact the CDFI Awards Manager. They may be reached by phone at (202) 622-8662, by facsimile at (202) 622-7754 or by mail at CDFI Fund, 601 13th Street, NW., Suite 200 South, Washington, DC 20005. Allow at least one to two weeks for the receipt of the application package. Applications and other information regarding the Fund and its programs may be downloaded from the Fund's website at <http://www.treas.gov/cdfi>.

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

Credit and investment capital are essential ingredients for creating and retaining jobs, developing affordable housing, starting or expanding businesses, revitalizing neighborhoods, and empowering people. As a key urban and rural policy initiative, the CDFI Program is fostering the creation of a national network of financial institutions that are specifically dedicated to funding and supporting community development. This strategy will build strong institutions that make loans and investments and provide services to economically distressed investment areas and disadvantaged targeted populations. The Act, which implements this vision, authorizes the Fund to select entities to receive financial and technical assistance. Institutions in operation at the time of application are eligible to receive assistance to expand their activities. New institutions are eligible to receive start-up assistance. This NOFA invites applications from eligible organizations for financial assistance, technical assistance, or both, for the purpose of promoting community development activities, including relatively new approaches to meeting the needs of underserved populations such as:

(a) Efforts to design and implement financial services for low-and moderate-income people, such as deposit accounts eligible for the electronic receipt of Federal benefit payments

under the Department of Treasury's Electronic Funds Transfer (EFT '99) program;

(b) Programs, including a new Federal program authorized this year, to encourage low-and moderate-income persons to accumulate personal savings, such as through Individual Development Accounts (IDAs) that provide matching contributions for each dollar saved; and

(c) Programs that provide technical assistance (TA) to prospective and current small business borrowers, such as evaluating business plans, financial analysis of debt service capacity and key financial ratios, cash flow analysis, and referrals to other TA providers.

These TA programs may be structured as one-on-one consulting, classroom and group training, peer group formats or as boards of advisors.

The program connected with this NOFA constitutes the Core Component of the CDFI Program, involving direct financial and TA to CDFIs that serve their target markets through loans, investments and other activities. This NOFA does not support CDFIs that primarily are funding other CDFIs. Under this Core Component NOFA, the Fund has an anticipated maximum award of \$2.5 million per applicant. However, the Fund, in its sole discretion, reserves the right to award amounts in excess of the anticipated maximum award amount if the Fund deems it appropriate.

Elsewhere in this issue of the **Federal Register**, the Fund is publishing a separate NOFA for the third round of the Intermediary Component of the CDFI Program. The Intermediary Component NOFA is issued in recognition of the fact that many CDFIs may have specialized needs which the Fund can most effectively address by supporting intermediary CDFIs that, in turn, address such specialized needs.

An applicant under the Intermediary Component NOFA shall meet the eligibility requirements set forth at § 1805.200. An additional requirement imposed upon each Intermediary Component applicant under § 1805.200(a)(3) is that it must primarily focus on financing CDFIs or CDFIs in formation. To illustrate the concept, an Intermediary CDFI may have a specialized niche or niches focusing on financing a specific type or types of CDFIs, providing small amounts of capital per CDFI, financing CDFIs with specialized risk levels, or financing CDFIs being formed or organized but which are not yet CDFIs. By providing financial assistance to specialized intermediaries, the Fund believes it can leverage the expertise of such

intermediaries and strengthen the Fund's capacity to support the development and enhancement of the CDFI industry.)

## II. Eligibility

The Act and the interim rule specify the eligibility requirements that each applicant must meet in order to be eligible to apply for financial assistance, TA, or both under this Core Component NOFA. At the time an entity submits its application, the entity must be duly organized and validly existing under the laws of the jurisdiction in which it is incorporated or otherwise established. An entity must meet, or propose to meet, the CDFI certification requirements. In general, a CDFI must have a primary mission of promoting community development, provide lending or investments, serve an investment area or a targeted population, provide development services, maintain community accountability, and be a non-government entity. The details regarding these requirements and other program requirements are described in the application packet and the interim rule.

A CDFI, or proposed CDFI, whose primary focus is financing other CDFIs and/or providing financing to support the formation of CDFIs shall not be eligible for an award under this NOFA, but instead may be eligible for an award under the NOFA on the Intermediary Component published elsewhere in this issue of the **Federal Register**.

## III. Types of Assistance

An applicant may submit an application for financial assistance, TA, or both under this Core Component NOFA. Financial assistance may be provided through an equity investment, a grant, a loan, deposits, credit union shares, or any combination thereof. Applicants for financial assistance shall indicate the dollar amount, form, and terms and conditions of assistance requested. Applicants for TA under this NOFA shall describe the types of TA requested, the provider(s) of the TA, the cost of the TA, and a narrative justification of its needs for the TA.

## IV. Application Packet

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

If an applicant is currently certified as a CDFI by the Fund, it may submit a copy of the Fund's letter of certification and the Certification of Material Changes form, a copy of which is

contained in the application packet, in lieu of the information described in §§ 1805.701(b)(1)–(8). However, an applicant should include information in its application that it believes is relevant to the Fund's substantive review of the application under § 1805.802(b) and this NOFA.

## V. Matching Funds

Applicants responding to this NOFA must obtain matching funds from sources other than the Federal Government on the basis of not less than one dollar for each dollar of financial assistance provided by the Fund. Such matching funds shall be at least comparable in form and value to the financial assistance provided by the Fund. Non-Federal funds obtained or legally committed on or after January 1, 1997 may be considered when determining matching funds availability. Applicants selected to receive assistance under this NOFA must have firm commitments for the matching funds required under § 1805.600 by no later than August 31, 1999. The Fund may recapture and reprogram funds if an applicant fails to raise the required match by such date. The Fund reserves the right to grant an extension of such matching funds deadline for specific applicants selected for assistance if the Fund deems it appropriate. Funds used by an applicant as matching funds for a previous award under the CDFI Program or under another Federal grant or award program cannot be used to satisfy the § 1805.600 matching funds requirement.

## VI. Evaluation Factors

Applications will be evaluated on a competitive basis in accordance with the criteria described in 12 CFR 1805.802(b) and this NOFA. Also, applications will be reviewed for eligibility and completeness purposes under 12 CFR 1805.802(a) and this NOFA. The Fund reserves the right to conduct eligibility and completeness reviews under § 1805.802(a) and this NOFA concurrently with its substantive review under § 1805.802(b) and this NOFA.

In conducting its substantive review, the Fund will initially evaluate applications using a 300 maximum point scale as follows:

(a) Financial Strength and Organizational Capacity (12 CFR 1805.802(b)(1)), 150 points maximum;

(1) The applicant's track record, financial strength and current operations (including its general financial operations and lending/investment operations), 25 points for

established groups, 5 points for start-ups;

(2) The capacity, skills, and experience of the management team and other key personnel (overall organizational structure, lending/investing activities, community development experience), 75 points for established groups, 95 points for start-ups;

(3) The quality of the comprehensive business plan (identification of community needs, market analysis, strategies for addressing needs and demand, implementation strategy including any community partnerships, and identifying risks and assumptions), 50 points;

(b) External Resources 12 CFR 1805.802(b)(2), 50 points maximum; and

(c) Community Impact and Community Partnerships (if applicable), 12 CFR 1805.802(b)(3) and (4), 100 points maximum.

As shown above, the Fund will utilize two different 150 point scales for the Financial Strength and Organizational Capacity criteria depending on whether an applicant is deemed by the Fund to be a start-up organization or an established organization. The Fund defines a start-up organization as an entity that has been in operation for less than two years. The Fund will find an organization to be a start-up if it began incurring operating expenses after October 26, 1996, based on a review of submitted income and expense statements and/or other statements submitted by an applicant as part of its application. In evaluating applications of start-up organizations against the Financial Strength and Organizational Capacity criteria, the Fund will place greater emphasis on the experience, strength and background of an applicant's management team and key personnel than on the breadth and depth of its financial resources and trends in operating performance.

Once the initial evaluation is completed, the Fund will determine which applications will receive further consideration for funding based on the application scores (standardized if deemed appropriate), the recommendations of the individuals performing the initial reviews and the amount of funds available. The Fund anticipates that most applications will not be selected for additional consideration. Those applicants selected for further review or a second stage evaluation may receive an on-site interview conducted by Fund staff in accordance with 12 CFR 1805.800 for purposes of obtaining clarifying or confirming information. A final review panel will consider the results of the

initial and second stage evaluations and the geographic and institutional diversity of those applicants being considered for funding in accordance with 12 CFR 1805.801 and 1805.802(b)(5). The final review panel will make recommendations to the Fund's selecting official.

While previous awardees are eligible to apply under this NOFA, such applicants should be aware that success in a previous round should not be considered indicative of the likelihood of success under this NOFA. At the same time, organizations will not be penalized for having received awards in a previous round or rounds, except to the extent provided by 12 CFR 1805.502(a) which prohibits the Fund, except in certain circumstances, from providing more than \$5 million in assistance to any organization and its subsidiaries and affiliates during any three-year period.

The anticipated maximum award per applicant under this NOFA is \$2.5 million. However, the Fund, in its sole discretion, reserves the right to make individual award amounts in excess of \$2.5 million if it deems it appropriate.

## VII. Workshops

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

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

Dated: October 20, 1998.

**Maurice A. Jones,**

*Deputy Director for Policy and Programs,  
Community Development Financial  
Institutions Fund.*

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## DEPARTMENT OF THE TREASURY

### Community Development Financial Institutions Fund

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

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

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

**SUMMARY:** The Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4701 et seq.) (the "Act") authorizes the Community Development Financial Institutions Fund ("the Fund") to select and provide assistance to eligible applicants under the Community Development Financial Institutions ("CDFI") Program. The interim rule (12 CFR part 1805), which was published in the **Federal Register** on April 4, 1997 (62 FR 16444), provides guidance on the contents of application materials and program requirements. This NOFA is in connection with the third competitive round of the Intermediary Component of the CDFI Program. This Intermediary Component will provide financial assistance to CDFIs that provide financing primarily to other CDFIs and/or to support the formation of CDFIs. Subject to the availability of funds, the Fund currently anticipates making awards of up to \$7.5 million in appropriated funds pursuant to this NOFA. The Fund reserves the right to fund, in whole or in part, any, all, or none of the applications submitted in response to this NOFA. Also being published elsewhere in this issue of the **Federal Register** is a separate NOFA in connection with the Core Component of the CDFI Program, with respect to which the Fund intends to make available up to \$50 million in appropriated funds.

**DATES:** Applications may be submitted at any time after October 26, 1998. The deadline for receipt of an application is 6:00 p.m. EST on January 19, 1999. Applications received in the offices of the Fund after that date and time will be rejected and returned to the sender. Applications sent to the Fund electronically or by facsimile will not be accepted.

The Fund anticipates making available up to \$7.5 million in appropriated funds under this NOFA. The anticipated maximum aggregate award per applicant under this NOFA is \$1.5 million. However, the Fund, in its sole discretion, reserves the right to award amounts in excess of \$1.5 million for an applicant(s) if it deems it appropriate.

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

**FOR FURTHER INFORMATION CONTACT:** If you have any questions about the program requirements for this program, contact the CDFI Program Manager. Should you wish to request an

application package or have any questions regarding application procedures, contact the CDFI Awards Manager. They may be reached by phone at (202) 622-8662, by facsimile on (202) 622-7754 or by mail at CDFI Fund, 601 13th Street, NW., Suite 200 South, Washington, DC 20005. Allow at least one to two weeks for the receipt of the application package. Applications and other information regarding the Fund and its programs may be downloaded from the Fund's website at <http://www.treas.gov/cdfi>.

#### SUPPLEMENTARY INFORMATION:

##### I. Background

Credit and investment capital are essential ingredients for creating and retaining jobs, developing affordable housing, starting or expanding businesses, revitalizing neighborhoods, and empowering people. As a key urban and rural policy initiative, the CDFI Program is facilitating the creation of a national network of financial institutions that are specifically dedicated to community development. This strategy will build strong institutions that make loans and investments and provide services to economically distressed investment areas and disadvantaged targeted populations. This NOFA is in connection with the Intermediary Component of the CDFI Program.

Elsewhere in this issue of the **Federal Register**, the Fund is publishing a NOFA for financial and technical assistance to CDFIs pursuant to the direct funding approach of the Core Component of the CDFI Program. The Fund anticipates that it will devote the great bulk of the financial assistance available for the CDFI Program to the Core Component. In the separate NOFA for the Core Component, the Fund is making available up to \$50 million in appropriated funds.

The Fund also recognizes that to address the diverse needs and take full advantage of the enormous potential of the growing CDFI industry, it is important that the Fund be on the cutting edge of innovation by expanding the tools it utilizes to assist CDFIs. This NOFA in connection with the Intermediary Component of the CDFI Program is one part of a broader effort to develop and make available such new tools. Under the Intermediary Component NOFA, the Fund has an anticipated maximum award for \$1.5 million per applicant. However, the Fund, in its sole discretion, reserves the right to award amounts in excess of the anticipated maximum award amount if the Fund deems it appropriate.