OTS Minority Depository Institutions Advisory Committee

July 7, 2009

CDFI Certification: Application

Top 10 Tips for Certification Application

- Utilize all available resources on the CDFI Fund website (Application Guidance, FAQs, webcasts, profiles, etc.)
- Participate on a CDFI Certification Q&A Conference Call.
- CDFI Certification Applications may be submitted year-round – no need to wait for a funding round.
- Make sure that you have Board-Approved documentation of a primary mission to promote community development.
- Make sure that you are in operation before applying for CDFI Certification.
- Think broadly about the Target Markets for which you propose to be certified, (e.g. while your institution may serve a particular geographic area, it may be more feasible to be certified for a Targeted Population Target Market, or a combination of Target Markets).
- Make sure that you are accountable to each Target Market for which you proposed to be certified.
- There are multiple methods by which you can demonstrate accountability to Target Markets, such as having accountable members on a governing or advisory board, or utilizing other mechanisms (community meetings, surveys, focus groups) to obtain community input/feedback. These methods can be combined to create accountability.
- Regarding the Development Services requirement, be sure to identify ALL the ways that you assist your customers in accessing your products and services (e.g. financial literacy training, business and strategic planning assistance, financial management training, home-buyer education – these services can be provided in either a classroom format or in a one-on-one counseling setting).
- If you are unsure if you meet any of the certification requirements, please contact a Certification Team staff member, so that we can assist and advise you.

CDFI/NACA Program: Application

Top 10 Tips for a Great CDFI/NACA Program Application

- Review Notice of Funds Availability (NOFA) carefully.
- Attend and/or view a CDFI Fund outreach session or participate in a webinar
- Be sure to read very carefully each section in the Comprehensive Business Plan in the Application. Remember the Business Strategy, Market Analysis, Community Development Impact, Management, and Financial Health sections are scored and evaluated.
- Technical Assistance (TA) is for building capacity to serve the target market or become certified. Plan out a Technical Assistance request (i.e. determine what the organization needs to purchase, what kind of strategic planning is needed).
- Financial Assistance (FA) is for lending, capitalization, loan loss reserves, or operations.
- Be sure that you have the non-federal matching funds if you are applying for Financial Assistance and to submit the documentation.
- Start completing the application early. Then, submit it early as well.
- Community Impact is critical. Be clear about the *need* AND the *demand* for the proposed product(s). Explain what is driving the need for a CDFI in the Target Market area. Explain why the organization is proposing (or not proposing) to expand to a new Target Market. Demonstrate that current or proposed management skills support proposed products.
- Demonstrate an analysis of competitors/collaborators and identify how the applicant may be different from other organizations including partners. Provide examples of how organization's development services relate to financial products.
- Remember key financial ratios include self sustainability, solvency, and portfolio at risk. Demonstrate financial sophistication (i.e. how organization is moving away from government subsidies and may have a double or triple bottom line).
- Make sure that all applicable charts are complete and support narrative. Stand out applications are clear, concise, correct, and calendar conscious.

*Subject to change

NMTC Program: Application

Top 10 Tips to be a successful NMTC Applicant

- Demonstrate that NMTC will enable the applicant to offer financial products that are significantly more flexible or non-traditional than industry standards'
- Demonstrate the ability to deploy an award within 3 years by providing a strong pipeline of proposed projects, and a track record of deployment.
- Provide a commitment to target investments to severely distressed communities.
- Demonstrate the ability to achieve both economic development impacts (*e.g. jobs*) and community development impacts (*e.g. jobs to Low Income Persons*) in areas of particularly high distress.
- Demonstrate the ability to coordinate with local development plans and obtain feedback from Low Income Community representatives.
- Management experience raising and deploying capital, managing assets and ensuring compliance.
- For prior-year awardees, demonstrate successful deployment of NMTC authority from prior year awards
- Demonstrate the ability to raise capital close to the requested allocation amount – particularly at market or near-market terms.
- Demonstrate the ability to pass the economic benefits of the NMTC to borrowers and investees.
- Commitment to minimize fees and administrative costs, so that more capital is available to be deployed into low-income communities.

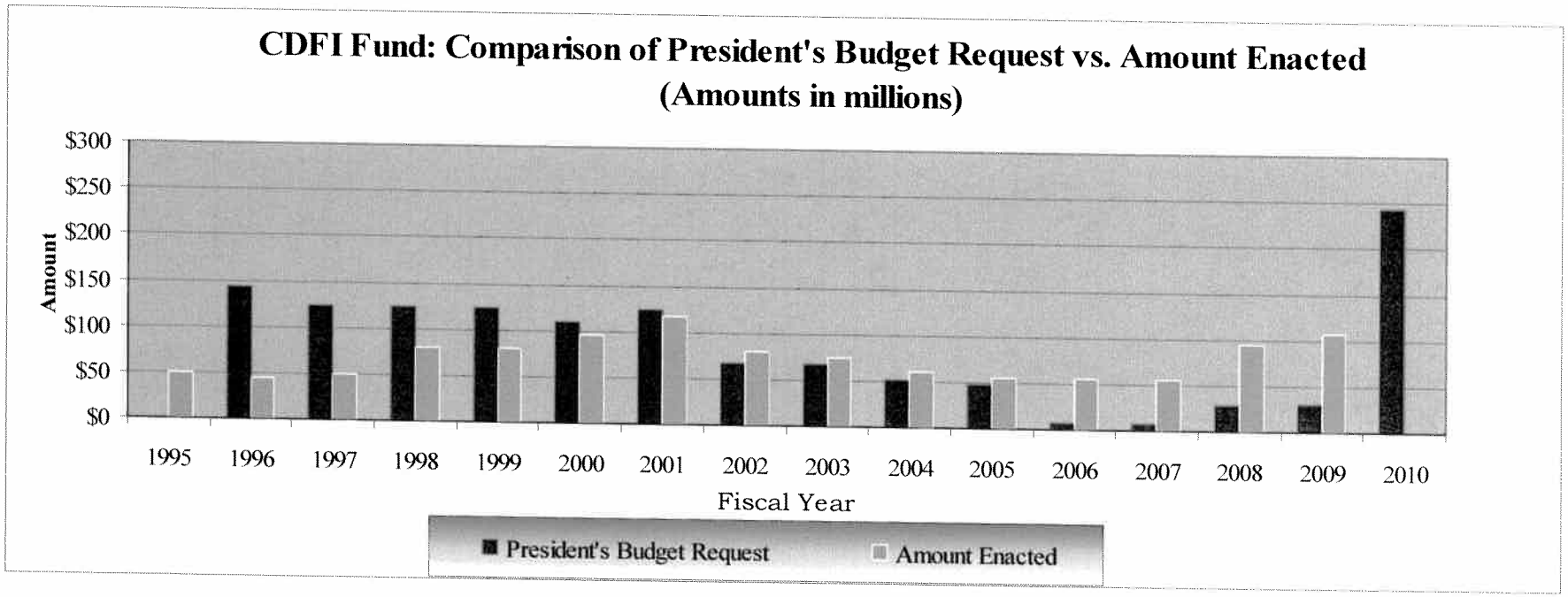
*Subject to change

BEA Program: Application

- BEA Awards are based on increases of qualified activity from a baseline period to an assessment period. Applicants are responsible for ensuring that all baseline period activities qualify; the Fund only reviews Assessment period activities.
- Attention to detail is important:
  - Certifications and Assurances are mandatory. Absence of applicable certifications will result in disqualification.
  - Assessment period transactions over $250,000 require documentation. Absence of documentation, or unacceptable documentation, will result in disqualification of the transaction
  - Refinanced or renewed loans – regardless of originating bank – are not eligible as a BEA Qualified Activity. Refinanced transactions – whole or in part – will be disqualified.
- Communication with CDFI Partners is key:
  - CDFI Partners (CDFIs that receive a loan, deposit or investment from an applicant) must be certified by the end of the Assessment Period
  - CDFI Partners must submit a BEA signature page and BEA-qualified distressed community map that represents at least 5% of their target market for the past three years*
  - Applicants are responsible for ensuring CDFI Partner materials are complete. Absence of CDFI Partner materials will result in disqualification of the related transaction
- Awardees must use BEA awards for BEA qualified activities. Awardees with awards over $50,000 are required to submit a Use of BEA Program Award Report and ILR
- FY 2010 Application Deadlines*:
  - Released February 2010
  - Due April 2010

*Subject to change

CDFI Fund


CDFI Fund: Comparison of President's Budget Request vs. Amount Enacted
(Amounts in millions)
Amount
$300
$250
$200
$150
$100
$50
$0
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
Fiscal Year
President's Budget Request
Amount Enacted