

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

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

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

SUMMARY: The Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4701 et seq.) (hereafter referred to as the "Act") provides authority for the Community Development Financial Institutions Fund (hereafter referred to as "the Fund") to select and provide financial and technical assistance to eligible applicants under the Community Development Financial Institutions ("CDFI") Program. The revised interim rule (12 CFR part 1805), published elsewhere in this issue of the **Federal Register**, provides guidance on the contents of the necessary application materials and program requirements. As of the date of this Notice and subject to funding availability, the Fund intends to award up to \$32.5 million in appropriated funds pursuant to this Notice. The Fund reserves the right to award in excess of \$32.5 million in appropriated funds pursuant to this Notice provided that the funds are available and the Fund deems it appropriate to do so. This Notice 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, rather than primarily through the financing of other CDFIs. Also being published elsewhere in this issue of the **Federal Register** is a separate Notice in connection with an 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. The Fund currently anticipates making available up to \$7.5 million of appropriated funds for the intermediary component, making up to \$40 million the estimated aggregate amount of appropriated funds available under the CDFI Program pursuant to the Notices being published in this issue of the **Federal Register**. (Since only the subsidy cost, and not the face amount,

of loans must be charged against appropriated funds, the actual aggregate amount of awards is likely to be somewhat higher than the amount of appropriated funds that are obligated.)

DATES: Applications may be submitted at any time following April 4, 1997. The deadline for receipt of an application is 6 p.m. Eastern Standard Time on Friday, June 20, 1997. Applications received after that date and time will not be accepted and will be returned to the sender. Applications sent by facsimile will not be accepted.

ADDRESSES: Applications must be sent to: The Community Development Financial Institutions Fund, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW., Washington, DC 20220.

FOR FURTHER INFORMATION CONTACT: The Community Development Financial Institutions Fund, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW., Washington, DC 20220, (202) 622-8662. (This is not a toll free number.) If you have any questions about the regulations, this Notice or the application packet, you may call or write to the Fund at the above telephone number or address, or you may send questions by facsimile to (202) 622-7754. To request an application packet, please send by facsimile a written request which includes the name of the requester, organization, mailing address, telephone number and facsimile number. Requests for an application packet should be sent by facsimile to (202) 622-2599, which is the facsimile number being used to received requests for an application packet.

SUPPLEMENTARY INFORMATION:**I. Background**

Credit and investment capital are essential ingredients in creating and retaining jobs, developing affordable housing, starting or expanding businesses, revitalizing neighborhoods, and empowering people. As a key urban and rural policy initiative, the CDFI Program is 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. The Act, enacted to implement this vision, authorizes the Fund to select entities to receive financial and technical assistance. New institutions are eligible to receive start-up assistance. Institutions in operation at the time of application are eligible to

receive assistance to expand their activities. This Notice invites applications from eligible applicants for the purpose of promoting community development activities and revitalization.

The Fund has determined that it can best address the needs of the diverse and growing CDFI industry by expanding the tools it utilizes to assist CDFIs. The program connected with this Notice constitutes the core component of the CDFI Program, involving direct assistance to CDFIs that serve their target markets through loans, investments and other activities, rather than primarily through the financing of other CDFIs. For the foreseeable future, this core component will receive the great bulk of the Fund's resources devoted to the CDFI Program. However, the Fund recognizes 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. Thus, to expand its reach, and better address the varied needs of the CDFI industry, the Fund is also having published elsewhere in this issue of the **Federal Register** a separate Notice containing an intermediary component of the CDFI Program. This intermediary component is also being published pursuant to the revised interim rule (12 CFR part 1805). An applicant under the intermediary component Notice shall meet the eligibility requirements under § 1805.200. An additional requirement imposed upon each intermediary component applicant pursuant to § 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 specifies the requirements that each applicant must meet in order to be considered a CDFI. Entities that meet, or propose to meet, these requirements are eligible to apply for assistance. In general, a CDFI must have a primary mission of promoting community development, provide

lending or investments, serve an investment area or a targeted population, provide development services, maintain community accountability, and be a nongovernment entity. The details of these requirements and other program requirements are described in the revised interim rule governing the CDFI Program (12 CFR part 1805) which is published elsewhere in this issue of the **Federal Register**. 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 to apply pursuant to this Notice, but instead may be eligible to apply pursuant to the Notice 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, technical assistance, or both. Financial assistance may be provided through an equity investment, a grant, a loan, deposits, credit union shares, or some combination thereof. Applicants for financial assistance shall indicate the dollar amount, form, terms, and conditions of assistance requested. Applicants for technical assistance shall describe the types of technical assistance requested, estimate the cost to obtain such assistance, and provide a narrative justification of its needs for such assistance.

IV. Application Packet

Except as described hereafter, an applicant, whether applying for financial assistance, technical assistance, or both, shall submit the materials described in § 1805.701 and the application packet. To facilitate coherence and avoid duplication, an applicant may present its application in an order and format that it believes to be the most appropriate, provided that the requested information is included and that an index is provided to assist the Fund in locating the items requested by § 1805.701.

If an applicant is currently certified as a CDFI, it may, at its option, submit a copy of the letter of certification in lieu of the information requested in Part III, A through H, of the application packet. However, an applicant should include in its application information that it believes is relevant to the substantive review of the application specified in § 1805.802(b).

V. Matching Funds

Applicants pursuant to this Notice may use for matching funds monies

obtained or legally committed on or after January 1, 1996. Applicants selected to receive assistance under this Notice must have firm commitments for the matching funds required pursuant to § 1805.600 by no later than August 31, 1997. 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.

VI. Selection Factors

Applications will be selected on a competitive basis in accordance with criteria described in §§ 1805.800 to 1805.802. Special emphasis is expected to be placed on:

- (1) The applicant's track record, financial strength, and current operations;
- (2) The capacity, skills, and experience of the management team;
- (3) The quality of the applicant's comprehensive business plan;
- (4) The likelihood that the applicant will be able to raise the required matching funds; and
- (5) The extent and nature of the potential community development impact that would be catalyzed by the Fund's assistance, relative to the amount of such assistance to be provided.

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

While previous awardees are eligible to apply pursuant to this Notice, it is the current expectation of the Fund that a substantial majority of the funds awarded pursuant to this Notice will be to applicants that are not previous awardees. Therefore, the Fund may give additional consideration to applicants that are not previous awardees.

The Fund has sole discretion in the selection of applications for assistance. The anticipated maximum award per applicant under this Notice is \$2 million. However, the Fund, in its sole discretion, reserves the right to award amounts in excess of \$2 million for an applicant(s) if it deems it appropriate.

VII. Workshops

The CDFI Fund expects to host workshops to disseminate information

to organizations interested in applying for assistance pursuant to this Notice. If you wish to be on a mailing list to receive information about the scheduling of such workshops, please contact the Fund.

VIII. Other Matters

(a) Paperwork Reduction Act. The reader should refer to the revised interim rule (12 CFR part 1805) published elsewhere in this issue of the **Federal Register** for details on the information collection requirements of the rule and this Notice.

(b) Environmental Impact. Pursuant to Treasury Directive 75-02, the Department of the Treasury has determined that implementation of the CDFI Program under the revised interim rule is categorically excluded from the National Environmental Policy Act of 1969 (42 U.S.C. 4332) and does not require an environmental review. The determination is available for public inspection between 9:30 a.m. and 4:30 p.m. weekdays at the office of the Fund.

Authority: 12 U.S.C. 4703, 4717; Chapter X, Pub. L. 104-19, Stat. 237; 12 CFR 1805.700.

Kirsten S. Moy,

Director, Community Development Financial Institutions Fund.

[FR Doc. 97-8785 Filed 4-2-97; 1:09 pm]

BILLING CODE 4810-70-P

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.) (hereafter referred to as the "Act") provides authority for the Community Development Financial Institutions Fund (hereafter referred to as "the Fund") to select and provide assistance to eligible applicants under the Community Development Financial Institutions ("CDFI") Program. The revised interim rule (12 CFR part 1805), published elsewhere in this issue of the **Federal Register**, provides guidance on the contents of necessary application materials and program requirements. This Notice is in connection with two