



## FY 2014 CDFI & NACA Program Funding Round Frequently Asked Questions

These Frequently Asked Questions are intended to help CDFI & NACA Program Applicants answer common questions that are received through the CDFI & NACA Program Help Desk.

### Updated FAQs as of December 12, 2013

#### All Applicants

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1. The FA & TA Narrative Templates state that the Mandatory File Naming Convention should include a hyphen, while the FA & TA Excel Workbook Submission Instructions (Tab – 1) indicate an underscore should be used. Which is correct?

**Answer:** FA & TA applicants should save the FA & TA Narrative Templates with an underscore as indicated in Submission Instructions (Tab – 1) in the FA & TA Excel Workbooks. Applicants may encounter problems submitting the application in Grants.gov if they use special characters in their attachment file names.

2. The 3-Year Historic Average column in the Activities Level table (Tab 9 – Projections) is totaling the figures instead of averaging them. What should I do?

**Answer:** Applicants should state the error in the appropriate narrative section. Applicants will not be penalized because of this error in the Excel Workbook.

3. I receive a message that states the Excel Workbook is “locked and read only” when I copy and paste text (both numbers and narrative) from a Word document into the Excel Workbook (Tab 7 – People). What should I do?

**Answer:** The CDFI Fund recommends that all applicants type narrative and numbers directly into the FA & TA Excel Workbook and not copy and paste from an outside Word document for this section. Applicants can add rows to the tables in Tab 7 – People and directly type in new text if this problem occurs. If applicants are not able to add rows in the table, they should insert the requested information from the table into the corresponding resumes.

4. How should applicants fill out the Table of Contents table (Tab 6 – Policies) if they have multiple policy and procedure documents?

**Answer:** Applicants should submit their policies and procedures as one PDF document with page numbers and reference the page numbers accordingly in the Table of Contents table. If that

is not possible or multiple documents have been combined but there are duplicate page numbers, Applicants can add letters to the page number field to help distinguish their documents.

#### Unregulated CDFIs

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5. The Operating Liquidity Ratio is not calculating correctly for the current year (Tab 9 – Performance) since the calculation assumes a full year of activity. What should I do?

**Answer:** Applicants should state the error in the appropriate narrative section. Applicants will not be penalized because of this error in the Excel Workbook.

6. Please clarify the Loan Loss Reserve MPS ratio calculation for unregulated institutions.

**Answer:** The Loan Loss Reserve (LLR) MPS ratio measures if loan loss reserves for a specific fiscal year are between 50% to 150% of the Portfolio at Risk 90+ days (\$) for that year. For example, if your PAR 90+ days is \$100,000, then a LLR that would meet the ratio would fall between \$50,000 and \$150,000. If your LLR in this scenario was \$200,000, the indicator would state your CDFI “failed” the Loan Loss Reserve MPS. In this scenario, use the Narrative Template to explain the reasons why you failed the LLR.

#### Credit Union CDFIs

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7. The 3-Year Projected Average column for Net Worth/Total Assets (Tab 10 – Projections) for credit union applicants is not calculating correctly. What should I do?

**Answer:** Applicants should state the error in the appropriate narrative section. Applicants will not be penalized because of this error in the Excel Workbook.

8. Credit unions do not track delinquencies from 1 to 30 days delinquent as listed in Tab 3 – Input Sheet, identifier #711. How should they enter information for those fields?

**Answer:** Applicants should not fill out this information if it isn’t applicable to their institution type and put a corresponding notation in the associated Narrative Template section.

9. Please provide further clarification on the Loan and Lease Loss Coverage MPS ratio for credit union applicants.

**Answer:** The Loan and Lease Loss Coverage MPS ratio compares two consecutive fiscal years to see if the Applicant’s provision for loan losses changed by at least the same percentage and direction as the change in delinquent loans.

#### Bank/Holding Company CDFIs

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10. The Loan and Lease Loss Coverage MPS ratio (Tab 9 – Performance) is not calculating correctly for bank applicants. What should I do?

**Answer:** The formula for the Loan and Lease Loss Coverage Ratio (row #182) is working correctly and the error is only for the “Fails MPS” or “Meets MPS” indicator. Applicants should state the error in the appropriate narrative section. Applicants will not be penalized because of this error in the Excel Workbook.

11. Please provide further clarification on the Loan and Lease Loss Coverage ratio (Tab 9 – Performance) for bank applicants. Also, is the Loan and Lease Loss Coverage MPS ratio working correctly?

**Answer:** The Loan and Lease Loss Coverage ratio calculates Allowance for Loan and Lease Losses divided by the Average Total Loans and Leases. This formula is working correctly and the error is only for the “Fails MPS” or “Meets MPS” indicator in the Loan & Lease Loss Coverage MPS Ratio row. Applicants should state the error in the appropriate narrative section. Applicants will not be penalized because of this error in the Excel Workbook.

## FAQs Published on November 22, 2013

### All Applicants

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1. I serve a Target Market that covers multiple geographic areas and/or targeted populations. How do I complete the Target Market Statistics section of the Customer Snapshot Table (Tab 5 – Products)?

**Answer:** Applicants should calculate and state the Target Market statistics as a median value (or average if median is not available).

2. In the Customers Served section of the Customer Snapshot Table (Tab 5 – Products), should I enter figures based on the number of customers (end-beneficiaries) that are ultimately served by my products and services or figures for my borrowers (individuals directly served) only?

**Answer:** Applicants should enter figures based on the following chart:

Category of Customer Snapshot	Figures
Financial Products	Number of end-beneficiaries
Financial Services	Number of individuals directly served
Development Services	Number of individuals directly served

3. Are there specific deployment requirements for Applicants that make Persistent Poverty commitments?

**Answer:** Yes. If an Applicant makes a Persistent Poverty commitment in its FA application and receives an award, it will be required to deploy at least the minimum committed amount and up to the maximum amount, using its actual FA dollars, into Persistent Poverty counties during its three year performance period.

4. If I receive my FA award in the form of a loan, based upon my matching funds submission, will the CDFI Fund require other lenders to subordinate their debt?

**Answer:** No. The CDFI Fund must be pari-passu with other unsecured senior lenders. This is the same requirement as previous years.

5. I have not experienced a Material Event since my most recent certification date. Am I required to submit a Certification of Material Events form to the Certification, Compliance Monitoring, and Evaluation (CCME) unit by November 22, 2013?

**Answer:** No. Only those Applicants that have experienced a Material Event since their most recent certification date are required to submit a Certification of Material Events form by the date stated in the NOFA.

6. I have been placed in a cure period as a result of the CDFI Fund's recertification process. Am I eligible to apply for FY 2014 CDFI or NACA Program award?

**Answer:** Yes. Organizations that have been placed in a cure period may apply for funding. However, if certification is ultimately denied, the organization will not be eligible to receive a FY 2014 Financial Assistance award.

7. In the Funders Table (Tab 8 – Partnerships), should I only list a particular capital source in the year in which it was received?

**Answer:** Yes. Applicants should list the capital source in the year in which it was received (not committed).

#### TA Applicants (CDFI Program & NACA Program)

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8. I am entering a sole source professional service TA request in the Professional Services Table (Tab 4 – Purpose), but unlike in the Applicant Intake Form, I am not given the option to designate the cost as “per task,” which results in the error message “Exceeds Level 4 Rate!” What should I do?

**Answer:** Applicants should ensure that the information is provided in the Applicant Intake Form since the CDFI Fund will utilize that information. In addition, Applicants should enter in the correct total in the Excel Workbook under the Rate column. This error message will not prevent Applicants from submitting their application. Lastly, Applicants will not be penalized because of this error in the Excel Workbook.

#### Unregulated CDFIs

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9. The formula listed for Operating Liquidity Ratio is different between tab 9, Performance and tab 10, Projections. The formulas are currently listed as:

Performance:  $102 / ([602-603] * .25)$

Projections:  $102 / ([602-109] * .25)$

**Answer:** The Identifiers listed in the Operating Liquidity Ratio Calculation (Column D) on the Projections tab were mislabeled (it should be  $102 / ([602-603] * 0.25)$ ). However, the actual formula is calculating based on the correct identifiers. The value of the Operating Liquidity Ratio shown in Columns I and J are correct.

10. The third year projected Self-Sufficiency Ratio (Column I) for applicants that are for-profits is calculating incorrectly. This error makes the three-year projected average incorrect as well. What should I do?

**Answer:** Applicants should calculate the correct ratio (Identifier 503 divided by Identifier 602) and include the information in the appropriate narrative section. Applicants will not be penalized because of this error in the Excel Workbook.

11. I do not have three full years of historic activity to enter into the Input Sheet so I left some columns blank. However, leaving fiscal year columns in the Input Sheet blank results in an error

message appearing in the Financial MPS Ratio table's 3-year historic average column. What should I do?

**Answer:** If your organization does not actually have three full years of historic activity, then this error message is not applicable. Applicants will not be penalized for lack of historical operating information if they are a new entity that does not have three full years of information.

12. The Loan Loss Reserve MPS Ratio row in the Loan Loss Reserves and Write-Offs Table (Tab 9 - Performance) is not displaying the correct "Fails MPS" or "Meets MPS" indicator when a zero value is displayed in the Total Portfolio-at-Risk row in the Loan Portfolio Quality Table. In addition, the Loan Loss Reserve MPS Ratio "Fails MPS" or "Meets MPS" indicator is not working correctly for the 3-Year Historic Average column. What should I do?

**Answer:** The formula for the Loan Loss Reserve Ratio row is working correctly and the error is only for the "Fails MPS" or "Meets MPS" indicator when zero values are displayed for the Total PAR. In addition, the Loan Loss Reserve Ratio is working correctly for the 3-Year Historic Average column although the "Fails MPS" or "Meets MPS" indicator is not. Applicants should state the error in the appropriate narrative section. Applicants will not be penalized because of this error in the Excel Workbook.

#### Credit Union CDFIs and Bank/Holding Company CDFIs:

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13. The projected values for Allowance for Loan & Lease Losses Projections do not carry over correctly from the Input Sheet. For example, if my organization is currently in FY 2013, the 2014 column lists the 2015 value from the Input Sheet; the 2015 column lists the 2016 value from the Input Sheet; and the 2016 column defaults to \$0. What should I do?

**Answer:** Applicants should include the correct values in the appropriate narrative section. Applicants will not be penalized because of this error in the Excel Workbook.

14. Do regulated institutions that aren't required to obtain annual audits still have to provide them as a part of the application?

**Answer:** No. Regulated applicants that are not required to obtain annual audits will not have to provide them as a part of their application. Those applicants should make a note of it in the Narrative Template document.

#### Credit Union CDFIs

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15. Should I enter depositors in the Funders Table (Tab 8 – Partnerships)?

**Answer:** Credit unions should feel free to enter total shares and non-member deposits if they feel that information is essential to understanding their capital structure and partnerships.

16. The Weighted Average Portfolio at Risk Ratio value automatically rounds to a whole number. For example, an actual PAR of 3.5% shows as 4%. This is problematic because a PAR of 4% does not meet the MPS standard. What should I do?

**Answer:** Applicants should include the correct ratio in the appropriate narrative section. Applicants will not be penalized because of this error in the Excel Workbook.

17. Question 7b on the Applicant Intake Form does not provide an “Organization Structure” response that is applicable to my credit union. What should I do?

**Answer:** Please choose 501(c)(3) on the Applicant Intake Form even if your organization has a different tax status, since this is a required field and leaving it blank could impact your ability to submit the application. Credit unions applicants should also choose “Other” on Question 8a of the SF-424 and state the correct tax status in the narrative field (labeled “Other”) under the question. The problem in the Applicant Intake Form will not impact your eligibility for an award and the CDFI Fund will only utilize the SF-424 data for this question.

#### Bank/Holding Company CDFIs

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18. The 3-year Projected Average formula for the Efficiency Ratio (Tab 10 – Projections) is prepopulated with 3.00%. What should I do?

**Answer:** Applicants should include the correct ratio in the appropriate narrative section. Applicants will not be penalized because of this error in the Excel Workbook.