



May 17, 2012

Ruth Jaure
CDFI Program Manager
CDFI Fund
U.S. Department of the Treasury
601 13th Street NW, Suite 200 South
Washington, DC 20005

Dear Ms. Jaure,

Enterprise Community Loan Fund appreciates the opportunity to comment on the March 19, 2012 Federal Register request for public comment on the Community Development Financial Institution (CDFI) Program application.

Enterprise Community Loan Fund is part of Enterprise Community Partners, a national nonprofit that has invested over \$11 billion dollars in loans, grants and tax credit equity to create over 300,000 units of affordable housing. Enterprise Community Loan Fund is one of the country's oldest and largest housing CDFIs, with over \$155 million in total assets as of December 31, 2011. It is the housing and community facilities lending arm of Enterprise, which for 30 years has combined public and private resources with policy advocacy on behalf of community-based organizations that are leading the revitalization of their neighborhoods. The CDFI Fund Financial Assistance Program is a significant and important source of capital for CDFIs. The public-private partnership model embedded in the CDFI Fund programs has been proven as an efficient, useful method to maximize federal investment in emerging domestic markets.

The CDFI Fund asked four specific questions in its March 19 request for comments. As a member of the CDFI Coalition, we agree with many elements of their letter on this topic; however, we wanted to reiterate and expound on key points.

Question 1: Is targeting CDFI Program award funds into highly distressed communities an appropriate use of CDFI Program funds?

As stated in the CDFI Coalition letter, the use of geographic units such as counties or census tracts is not an appropriate means for targeting program funding. These units would seemingly target more rural communities, which while important, ignore a high degree of need in urban areas. CDFIs like Enterprise Community Loan Fund are serving markets and borrowers that are underserved, and service areas often include communities or populations that are experiencing high distress. For example, many of the urban communities we serve have a significant need for not only affordable housing (due to gentrification and high living costs), but also appropriate access to transportation and community services.

Question 2: Are there ways that the fillable PDF application form can be improved that would ease applicant paperwork burden?

Enterprise recommends posting more guidance for using the grants.gov interface, instructions on the PDF application technical limits and requirements and opening and utilizing the PDF posted on the grants.gov website. There were multiple issues surrounding the application, including:

- Differences in the way the grants.gov PDF counted characters for the “validation” process and the way grants.gov ultimately calculated characters when it accepted the application.
- Converting Word formatting into “text” format in order to cut and paste into the PDF document.
- The inability to cut and paste from Excel files (specifically charts M1, J, O and P), which potentially creates errors when transferring the numbers and formulas from the Excel document to the charts in the PDF application.
- The inability to expand rows, for example on the Board and Staff charts, both of which had a 5 person limit and a 50 character limit for the explanation around their importance to the organization.

In addition to technical issues with the PDF application, in some cases the application questions were vague, limiting and needed further clarification. A few suggestions to improve the application are as follows:

- For charts H and J, the pre-selected types of loans were too narrow, in addition to being limited to only 7 products. It would be better to allow applicants to list what types of loans they provide and therefore make their naming conventions for the charts consistent with their narrative.
- Applicants must submit 3 years of audited financial statements plus the most recent quarter. It would be helpful to have the Fund direct the date through which they expect the unaudited statements. It was not clear whether September 30 was acceptable, since the application was due after December 31, 2011.
- Use a consistent number of years for projection purposes to avoid confusion. The application asked for 5 years of projections in some questions, and 3 years for purposes of the award period in others. We suggest that the Fund use a 3 year period, as the 4th and 5th year projections are subject to numerous assumptions.
- Clearer explanation of financial definitions (e.g., what qualifies to be included in the line item) would be helpful. For example, the “off balance sheet” assets and liabilities line items are open to many different interpretations. Should all off balance sheet commitments and/or loans outstanding be included? Should available capital or drawn capital for off balance sheet funds be included or should the numbers only focus on future originations and draws? Is the universe defined by what the CDFI has access to off balance sheet regardless of whether they manage the loans and/or capital?

Question 3: Should detailed Matching Funds documentation be collected later in the application review process and, if so, what would be a reasonable amount of time to expect an applicant to provide such documentation?

The CDFI Fund could ask applicants to certify that matching funds are or will be in hand at the time of the award and the requirement to assemble matching funds documentation could be done at a point in the process when the Fund knows which applications are highly scored and are likely to receive funding. This would reduce the paperwork review burden by the Fund team as well as the paperwork burden for applicants by eliminating submissions that did not score highly enough to qualify for an award.

Question 4: Does the application ask the appropriate questions to determine applicant's financial health and viability?

The Fund should rely less on the submission of audited financial statements and the M Chart/MPS calculations to assess financial health and viability, and more on narrative responses. This is of particular importance to subquestions 13-17 in Question 6b. Subquestion 13 could be revised to ask that the applicant refer to entries on the M chart that support its narrative. Subquestions 16 and 17 could be revised to ask the applicant to describe their plans to raise additional lending capital and to support their operating expenses over the 3 year period, and how those plans relate to the M Chart.

Thank you for the opportunity to comment, and we hope that you find our input helpful. Please do not hesitate to contact me at 410.772.2461 or lchatman@enterprisecommunity.org if you have questions or need additional clarification.

Sincerely,

A handwritten signature in cursive script that reads "Lori Chatman".

Lori Chatman
President