

Application Instructions and Checklist for Community Development Loan Funds

To be eligible for SBLF investment, your Community Development Loan Fund (CDLF) must:

- be exempt from taxation under the Internal Revenue Code of 1986,
- be a certified CDLF by the Community Development Financial Institution Fund (CDFI Fund)¹,
- have been operating for the past three consecutive years,
- have a clean audit opinion of the most recent fiscal year-end² financial statements,
- have total assets less than or equal to \$10 billion, and
- meet five financial eligibility criteria.

For more information on eligibility criteria, please review the [Getting Started Guide for Community Development Loan Funds](#).

To apply, your CDLF must submit a completed version of the attached application and a small business lending plan to the U.S. Department of the Treasury (Treasury) via email at CDLFApps@treasury.gov. Given processing times, applications should be submitted by June 30, 2011. Guidance and a template for an applicant's lending plan can be found at www.treasury.gov/SBLF/CDLF.

If you have general questions about the application process, please call the Small Business Lending Fund information line at 888-832-1147 (Monday-Friday, 9:00 AM-7:00 PM ET).

For communications pertaining to a specific institution, please email CDLFInstitutions@treasury.gov.

CDLF Application Checklist

This checklist should be used to ensure that your application includes all the required application documents:

- Signed application and statement of compliance with your CDLF's debt obligations
- Proof of exemption from taxation under the Internal Revenue Code of 1986
- CDFI Fund Certification documentation, including CDFI Fund 'Statement of Material Change'
- Audit opinion letter for the most recently completed fiscal year³ audit
- Audited fiscal year financial statements, for each of the three most recent years⁴, prepared in accordance with GAAP
- Quarterly financial statements, for each of the four most recent quarters, prepared in accordance with GAAP
- Eligibility Calculations Worksheet
- Loan Portfolio Quality Worksheet
- A small business lending plan. Guidance and a template for your CDLF's small business lending plan can be found at www.treasury.gov/SBLF/CDLF

¹ If your CDFI Certified CDLF is not current on its CDFI certification, it must apply for an extension of its CDFI certification before closing.

² In most cases, the most recent audited fiscal year financial statements will be 2010, 2009 and 2008. If the audit for the fiscal year ended in 2010 is not complete at the time of application, a draft of the 2010 statements may be submitted along with a clean audit opinion letter for the fiscal year ended 2009. In this case, a clean audit opinion letter and audited financial statements for fiscal year ended in 2010 is required for closing.

³ Ibid.

⁴ Ibid.

Application for Community Development Loan Funds

Name of CDLF: _____

CDFI Certification Number:

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Date of Most Recent CDFI Fund Certification: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Primary Contact Name: _____

Primary Contact Telephone: _____ Primary Contact Email: _____

Asset Size: \$ _____ (round to nearest thousand – for example ‘\$250,000’ vs. ‘\$250,125’)
Asset size is the amount of total assets reported in the applicant’s audited annual financial statements for the fiscal year ended in 2009.

Requested Investment Amount: \$ _____
The permissible amount depends in part on the applicant’s asset size. The maximum investment is 5% of the asset size above.

CDLF Applicant Attestation

I, the undersigned CEO (or equivalent) of the named Community Development Loan Fund, attest that this application and all documents submitted along with this application, for this application date, has been prepared in conformance with the instructions issued by the Treasury and is true and correct to the best of my knowledge and belief.

I also attest that the named Community Development Loan Fund is in compliance with its debt obligations. If it is not in compliance, I will provide a written explanation of the noncompliance issue to Treasury with this application.

Signature of Authorized Official: _____

Name of Authorized Official: _____

Title of Authorized Official: _____

Date: _____

Eligibility Calculations Worksheet

for Community Development Loan Funds Participating in the SBLF

Dates of your most recent, second most recent and third most recent audited fiscal	A1			A1
-2 nd most recent?	A2			A2
-3 rd most recent?	A3			A3
Date of your CDLF's most recently completed quarterly financial statements?	Q1			Q1
-2 nd most recent?	Q2			Q2
-3 rd most recent?	Q3			Q3
-4 th most recent?	Q4			Q4

Net Assets as a % of Total Assets must be ≥ 20%

				Q1	A1	
1. Total assets, including existing EQ2	1					\$
2. Total liabilities, excluding EQ2	2					\$
3. Net assets (line 1 minus line 2)	3					\$
4. Net assets as a % of total assets (line 3 divided by line 1, multiplied by '100')	4					%

Average Net Income must be > \$0

5. Net income, per most recent audited fiscal year financial statements	5					\$
6. Net income, per second most recent audited fiscal year financial statements	6					\$
7. Net income, per third most recent audited fiscal year financial statements	7					\$
8. Numerator calculation (sum of lines 5, 6 and 7)	8					\$
9. Average net income (line 8 divided by '3')	9					\$

Reserve as a % of Loans and Leases 90 Days or More Past Due must be ≥ 30%

				Q1	A1	
10. Loan loss reserve	10					\$
11. Loans and leases 90 days or more past due, include loans restructured in the past year that were 90 or more past due at the time of restructuring [based on current contractual terms, not GAAP]	11					\$
12. Reserve as a % of delinquency (line 10 divided by line 11, multiplied by '100')	12					%

Cash and Cash Equivalents divided by Operating Expenses must be ≥ 1.0x

				A2	A1	
13. Cash and cash equivalents	13					\$
14. Operating expenses	14					\$
15. Denominator calculation (line 14 multiplied by 25%)	15					\$
16. Liquidity ratios for fiscal year financials (line 13 divided by line 15, round to tenth)	16					x

				Q4	Q3	Q2	Q1	
17. Cash and cash equivalents	17							\$
18. Operating expenses	18							\$
19. Liquidity ratios for quarterly financials (line 17 divided by line 18, round to tenth)	19							x

Loans and Leases 90 Days or More Past Due as a % of the sum of Equity and Reserve must be < 40%

				Q1	A1	
20. Loans and leases 90 days or more past due (line 11)	20					\$
21. Total equity (line 3)	21					\$
22. Loan loss reserve (line 10)	22					\$
23. Denominator calculation (line 21 plus line 22)	23					\$
24. Delinquency as a % of equity and reserves (line 20 divided by line 23)	24					%

Loan Portfolio Quality Worksheet

for Community Development Loan Funds Participating in the SBLF

All applicants are required to complete the following three charts to provide Treasury with information about the applicant's loan portfolio quality. In the Aggregate Loan Portfolio chart, 'Delinquency' is defined as 90 or more days past due, including loans restructured in the past year that were 90 or more days past due prior to the restructuring. Use 2010, 2009, 2008 and 2007 (if the CDLF has been in operation for more than 3 years) audited annual financial statements.

Aggregate Loan Portfolio

	2007		2008		2009		2010		Weighted Average PAR*
	#	\$	#	\$	#	\$	#	\$	
1. Portfolio Outstanding									
2. Delinquent Portfolio									
3. Total Portfolio-at-Risk (Delinquent Portfolio as a percent of Portfolio Outstanding) [line 2 divided by line 1]									
	%	%	%	%	%	%	%	%	%

*Multiply the 2007 Portfolio Outstanding number by the 2007 Portfolio-at-Risk number; 2008 Portfolio Outstanding number by the 2008 Portfolio-at-Risk number. Multiply the 2009 Portfolio Outstanding number by the 2009 Portfolio-at-Risk number. Multiply the 2010 Portfolio Outstanding number by the 2010 Portfolio-at-Risk number. Add these three numbers together, then divide by the sum of the 2007, 2008, 2009, and 2010 Portfolio Outstanding numbers.

Loan Loss Reserves and Write-Offs

	2007	2008	2009	2010	Historic
1. Total Outstanding Loan Portfolio					
2. Net Write-Offs or Net Charge-Offs					
3. Annual Net Loan Loss Ratio (Net Write-Offs or Net Charge-Offs divided by Total Outstanding Loan Portfolio) [line 2 divided by line 1]	%	%	%	%	%
4. Loan Loss Reserve (cash)					
5. Loan Loss Reserve (accrual)					
6. Loan Loss Reserve Ratio (Sum of Loan Loss Reserve cash and Loan Loss Reserve accrual divided by Total Outstanding Loan Portfolio) [sum of lines 4 and 5, divided by line 1]	%	%	%	%	%

Five Largest Loans in Portfolio

	Delinquency Status ⁵	Principal Amount	Origination Date	Maturity Date	Collateral Type ⁶
1. Largest loan					
2. Second largest loan					
3. Third largest loan					
4. Fourth largest loan					
5. Fifth largest loan					

⁵ Use: Less than 30 days, 30-59 days, 60-89 days, or 90 or more days.

⁶ Use: If real estate, provide latest appraisal value and date of that appraisal.