



DEPARTMENT OF THE TREASURY
COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND
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WASHINGTON DC 20036

May 1, 2013

TO: Office of Management and Budget (OMB)

THROUGH: Donna Gambrell, Director, CDFI Fund
Dennis Nolan, Deputy Director, CDFI Fund

FROM: Lisa Jones, Manager, CDFI Bond Guarantee Program

SUBJECT: Submission for OMB Emergency Paperwork Reduction Act Review:
CDFI Bond Guarantee Program Guarantee Application, Qualified Issuer
Application, Secondary Loan Requirements (together, the Applications)

The U.S. Department of the Treasury's Community Development Financial Institutions Fund (CDFI Fund) submits to the Office of Management and Budget (OMB) for emergency clearance and review, the Applications, in accordance with 5 C.F.R. 1320.13.

An expedited clearance by OMB of the aforementioned application materials is essential to the mission of the CDFI Bond Guarantee Program (BG Program), the CDFI Fund and the U.S. Department of the Treasury.

The CDFI Fund cannot reasonably comply with the normal clearance procedures because public harm is reasonably likely to result if normal clearance procedures are followed.

The CDFI Fund requests that OMB complete its emergency review no later than May 15, 2013.

Supplementary Information: The Small Business Jobs Act of 2010 (the Act) created the CDFI Bond Guarantee Program. The Act gave authorization to: 1) the Secretary of the Treasury to administer the BG Program through FY 2014; and 2) the Secretary of the Treasury to issue a Guarantee on certain Bonds that meet eligibility criteria as stipulated in the legislation in accordance with Federal credit guidance. Pursuant to the Federal Financing Bank Act of 1973 (12 U.S.C. 2281), the Federal Financing Bank (FFB) will purchase Bonds issued by certain entities (Qualified Issuers) under the BG Program; Bond proceeds will be loaned to certain certified CDFIs (Eligible CDFIs).

On July 1, 2011, the CDFI Fund published in the *Federal Register* a Request for Public Comment (76 F.R. 38577) seeking public responses to specific questions regarding BG Program design, implementation, and administration. Responses to the Request for Public Comment were included in the subsequent interim rule (12 C.F.R. Part 1808) which was published in the *Federal Register* on February 5, 2013.

The key objectives of the BG Program are: 1) to promote community and economic development for underserved populations and in distressed communities in the United States; 2) to support Eligible CDFIs' lending activities by providing access to long-term capital through a government guarantee; and 3) to protect taxpayer funds. Under the BG Program, Qualified Issuers can use bond proceeds to lend to or refinance the loans of Eligible CDFIs. The Secretary of the Treasury will issue a 100 percent Guarantee of the principal, interest, and call premium of the Bonds issued by Qualified Issuers. The Secretary may guarantee up to 10 Bond issuances per year with a minimum Guarantee amount of \$100 million per issuance. The total aggregate amount of Guarantees in FY2013 cannot exceed \$500 million. The maximum maturity of the Bonds will be 30 years and the Bonds will be taxable.

Under the BG Program, the CDFI Fund will issue a Notice of Guarantee Availability (NOGA) to notify the public that parties interested in being approved as Qualified Issuers may submit Qualified Issuer Applications and that Qualified Issuers may submit Guarantee Applications to be approved for a Guarantee. Applicants must submit organizational, financial and program related information and, subject to approval, enter into agreements that require the collection of reports for credit underwriting, compliance monitoring and program evaluation purposes. This information is required in order for the BG Program management to evaluate an applicant's capacity to effectively execute its obligations if selected as Qualified Issuer and if the Qualified Issuer receives a Guarantee under the BG Program.

Compliance with the Secondary Loan Requirements is required for an Eligible CDFI to make a secondary loan through the BG Program. It is through the Secondary Loan Requirements that the Eligible CDFI will demonstrate and make representations with regard to its organizational competence in the evaluation and underwriting of the operational and financial requirements of the proposed projects to which it desires to provide financial support. Through the Secondary Loan Requirements, the Eligible CDFI will also commit to maintain good standing with all applicable obligations and legal requirements as a provider of capital to the financed projects. The Eligible CDFI must demonstrate among other competencies experience and competence in maintaining regulatory requirements, credit evaluation, monitoring and management of loans in one of several different industry sectors.

Attachments:

- Qualified Issuer Application
- Guarantee Application
- Secondary Loan Requirements - Certification