

Supporting Statement
Community Development Financial Institutions Program
Community Development Financial Institutions Bond Guarantee Program
OMB Approval Number 1559-0044

A. Justification

1. Circumstances necessitating collection of information

The purpose of the Community Development Financial Institutions (CDFI) Bond Guarantee Program (BG Program) is to support CDFI lending by providing Guarantees for Bonds issued by Qualified Issuers as part of a Bond Issue for Eligible Community or Economic Development Purposes. The BG Program provides CDFIs with a new source of long-term capital and furthers the mission of the CDFI Fund to increase economic opportunity and promote community development investments for underserved populations and distressed communities in the United States. The CDFI Fund achieves its mission by promoting access to capital and local economic growth by investing in, supporting, and training CDFIs.

Through the BG Program, applicants apply to be approved as a Qualified Issuer (QI), using the Qualified Issuer Application (QI Application). Qualified Issuers may submit Guarantee Applications to be approved for a Guarantee under the BG Program. Applicants are required to provide financial and program related information and, subject to approval, will enter into agreements that require the collection of reports that will be used for credit underwriting, compliance monitoring and program evaluation purposes. The application information is required in order for program management to evaluate an applicant's capacity to effectively execute its obligations under the Bond Documents.

2. Method of collection and use of data

The QI Application and Guarantee Application are to be submitted via the myCDFIFund platform at www.cdfifund.gov. All application materials will be used by the BG Program staff to review applicants for their organizational expertise, experience and capacity to adhere to the requirements of the BG Program.

3. Use of Information Technology

The QI Application and Guarantee Application are to be submitted via the myCDFIFund platform at www.cdfifund.gov.

4. Efforts to identify duplication

All of the information requested is required in order to evaluate an applicant's capacity to carry out the financial and administrative responsibilities of a QI. It is anticipated that most applicants will also be awardees or participants in other CDFI Fund programs. As a result there will be some overlap in the submitted information between both programs, but the separate nature of the reporting systems does not allow for a single point of data entry at this time.

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5. Impact on small entities

This collection of information is not expected to have a significant impact on small entities. The minimum amount of funding under the BG Program requires that applicants have sufficient organizational capacity and experience to manage the requirements of underwriting, administration, reporting and due diligence in order to be approved for a Guarantee.

Therefore it is expected that applicants will have the capacity to complete an application package without significant disruption to their on-going operations. Thus, this collection of information will not impose a significant impact on small entities that wish to submit an application.

6. Consequences of less frequent collection and obstacles to burden reduction

The CDFI Fund will not be able to properly evaluate an applicant’s ability to execute the BG Program’s requirements without this collection of data.

7. Circumstances requiring special information collection

There are no special circumstances. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR 1320.6.

8. Consultation with Persons Outside the Agency

Pursuant to the notice and request for comments published in the Federal Register on October 28, 2013, at 78 FR 64292, the CDFI Fund received detailed comments from the organizations and/or individuals reflected in the following table. All comments have been reviewed by the CDFI Fund and have been taken into consideration. A summary of the public comments, as well as the CDFI Fund’s responses, follow below.

No	Organization Name	Organization Representative	Date Submitted
1	Opportunity Finance Network (with joint recommendations of the following sign-on organizations: Calvert Foundation; Clearinghouse CDFI; Community Development Trust; Community Reinvestment Fund; Hope Enterprise Corporation; IFF; Low Income Investment Fund; NCB Capital Impact; The Reinvestment Fund)	Jennifer Vasiloff, EVP	December 20, 2013
2	Financial Innovations Roundtable, Carsey Institute, University of New Hampshire	Michael Swack, Director	December 23, 2013
3	Boston Community Capital	Elyse D. Cherry, CEO	December 26, 2013
4	Community Reinvestment Fund, USA	Frank Altman, President and CEO	December 27, 2013
5	Low Income Investment Fund	Nancy O. Andrews, President and CEO	December 27, 2013
6	Hope Credit Union; Hope Enterprise Corporation	William J. Bynum, CEO	December 27, 2013
7	Los Angeles LDC, Inc.	Michael Banner, President and CEO	December 27, 2013
8	Enterprise Community Loan Fund, Inc.	Lori Chatman, President	December 23d, 2013

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- A. Respondents indicated that the revised drafts of the Qualified Issuer Application and Guarantee Application are clearer and more streamlined compared to those used in the FY2013 round. Some respondents requested clarifications or edits to certain perceived inconsistencies in the application documents.

The CDFI Fund welcomes the positive feedback from respondents. The CDFI Fund has updated the application documents to clarify or correct minor errors.

- B. Respondents requested that additional information or instructions be provided to clarify the application process. In particular, respondents requested clarity as to whether Newly Formed Affiliates (NFAs) are eligible to receive Bond Loans. Respondents also requested guidance on how the CDFI Fund evaluates the capabilities of Qualified Issuers in instances where Servicer functions are delegated to their Eligible CDFI. Finally, respondents generally indicated that the public outreach sessions provided by the CDFI Fund during FY2013 were valuable to properly and efficiently submitting required application materials.

At this time, the CDFI Fund cannot accept Newly Formed Affiliates as eligible to receive Bond Loans unless they meet the requirements of the Interim Rule at 12 CFR 1808, particularly the requirement that an Eligible CDFI be a certified CDFI. The CDFI Fund will provide additional guidance on the criteria used to evaluate Qualified Issuer and Guarantee applications in the forthcoming Notice of Guarantee Availability (NOGA). Additionally, the CDFI Fund will expand upon the public outreach sessions provided in FY2013 and attempt to provide both a greater quantity and quality of details regarding the CDFI Bond Guarantee Program structure and application procedures to reduce public burden.

- C. Respondents requested that the CDFI Fund obtain additional data on the mission-orientation of Qualified Issuers to ensure strategic alignment with the CDFI Bond Guarantee Program. Respondents also indicated that alternative data should be collected in the form of a draft business term sheet rather than a draft legal term sheet. Finally, respondents requested additional guidance on what types of Credit Enhancements the CDFI Fund will evaluate.

The CDFI Fund will continue to collect information regarding a Qualified Issuer's mission-orientation and strategic alignment with the CDFI Bond Guarantee Program. The forthcoming NOGA will provide additional guidance on the criteria used to evaluate Qualified Issuers with regard to their mission orientation. The CDFI Fund believes that a draft Term Sheet is the best method for reducing overall public burden in the application process. A draft Term Sheet requires additional time and effort for initial application submission, but will reduce overall public burden by ensuring that the CDFI Fund clearly understands the exact terms of the proposed Guarantee Application and reduce miscommunication. Finally, the CDFI Fund will provide additional guidance in the NOGA regarding the evaluation criteria for credit enhancements.

- D. Respondents generally indicated that the applications asked appropriate questions to determine an applicant's financial health and viability. Respondents suggested that smaller CDFIs may not fit the same credit profile as the larger financial institutions which received

Guarantees in FY2013. Respondents also requested clear benchmarks and minimum standards for financial strength.

The CDFI Fund welcomes the feedback provided and will provide additional guidance in the forthcoming NOGA to clarify the evaluation criteria for Eligible CDFIs proposing to receive Bond Loans. However, the CDFI Fund cannot provide exact benchmarks or minimum standards that would allow applicants to “reverse engineer” the credit evaluation criteria and potentially circumvent the review process.

- E. Respondents indicated that the current assets classes are sufficient to cover the vast majority of lending activities in which CDFIs currently engage. A respondent suggested that subordinate and mezzanine debt also be included as acceptable loan structures for certain asset classes.

OMB Circular A-129 prohibits the Federal government’s debt from being subordinated to the interest of other lenders. The CDFI Fund will not accept the suggestion to add subordinate or mezzanine debt.

- F. Respondents suggested that there may be some duplication in the amount of burden required to follow the Secondary Loan Requirement (SLR)s and submit the collection instruments.

The CDFI Fund has amended the “Secondary Loan Requirement- Certification” document to add a standardized Itemization of Collateral. The document will reduce public burden and streamline the amount of information that must be collected. By submitting the attached Itemization of Collateral once with each package of multiple SLR Certifications, the amount of time and effort spent perfecting liens in Secondary Loans and Other Pledged Loans will be reduced. Additionally, minor updates have been made to the Secondary Loan Requirements to reduce the public burden required of an Eligible CDFI such as by allowing Secondary Borrowers to submit unaudited rather than audited financial statements.

- G. Finally, the CDFI Fund received public comments which were not responsive to the Federal Register Notice or which were only tangentially related to reducing public burden.

The CDFI Fund has reviewed the public comments in their totality and made updates to the NOGA and application materials in an attempt to reduce public burden and improve the application submission and review process.

9. Provision of payment to respondents

No payments or gifts will be made to respondents.

10. Assurance of confidentiality

The CDFI Fund is subject to all Federal regulations with respect to confidentiality of information supplied in QI and Guarantee Applications.

11. Justification of sensitive questions.

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No personally identifiable information (PII) is collected.

12. Estimate of the hour burden of information collection.

Information Collection	No. Respondents	No. Responses Per Respondent	Annual Responses	Hours Per Response	Estimated Burden Hours
Qualified Issuer Application	20	1	20	240	4,800
Guarantee Application	50	1	50	50	2,500
Secondary Loan Requirement	20	1	20	50	1,000
TOTALS	90	1	90	92.222	8,300

13. Estimate of total annual cost burden to respondents

The information requested should be readily available to applicants that are not dependent upon third party assistance. There are no additional capital, start-up or ongoing operational, or maintenance costs associated with this information collection. No purchases of equipment or services are necessary to complete the QI Application or Guarantee Application.

14. Estimate of annualized cost to the Government

The costs to the Government are the program staff and consultant time required to develop the documents. Follow on costs consist of following up with applicants, reviewing and qualifying the applicants for approval and reporting the results. Staff and consultant development costs are estimated at \$15,000. Follow on activities will be conducted by internal staff.

15. Any program changes or adjustments

An adjustment is being made to reflect a more accurate accounting of burden associated with this information collection.

16. Plans for information tabulation and publication

Confidential and proprietary information collected through the QI and Guarantee Applications will not be published.

17. Reasons for not displaying expiration date of OMB approval

Display of the OMB expiration date may cause confusion in reporting by the applicants of the appropriate due date(s). The non-display of the OMB expiration date is requested.

18. Explanation of exceptions to certification statement

Not applicable.

B. Collections of Information Employing Statistical Methods

This section is not applicable.