

# FY 2014 Qualified Issuer Application Narrative

Applicant Name: [Replace this text with Applicant's Complete Organizational Name](#)

Qualified Issuer's Employer Identification Number (EIN): [Enter EIN HERE](#)

## *Instructions for Completing the Qualified Issuer Application Narrative*

**Overview:** Enter narrative in each text box provided. Applicants should use the Application document to help complete this template. The Application provides a detailed list of questions to be addressed in each text box. Text boxes will expand to fit the amount of text being entered up to the character limit, including spaces. The Applicant must use this form to complete the narrative portion of its application.

Applicants must answer each of the narrative questions using clear, concise, factually-based text, while adhering to the stated character maximums. Applicants are encouraged to discuss their organization's unique situation within the framework of each question being asked. Applicants should be prepared to discuss their previous activities as well as provide an explanation of future plans.

Narrative questions should address the information requested, as well as cross-reference and explain any pertinent information contained in the requested supporting documentation. Where applicable, cite any secondary data sources, reports, statistics, or other sources. Be sure to use the most recent data and information available.

**Character Limits:** Each scored section in the Application has character limitations. Enter narrative responses in each text box provided. Text boxes will expand to fit the amount of text being entered up to the character limit, including spaces. Guidance in each section specifying the limits has been provided. The form will not allow responses beyond the specified character limitation in each section. The Applicant must use this form to complete its application.

**Format:** The format is automatically generated by this form in terms of font size, which is Calibri, size 12. Embedded charts and rich text are disabled.

**Identify Applicant on Each Page:** Replace the [blue underlined](#) text on this cover page to reflect the Applicant Name and EIN #.

**Mandatory File Naming Convention:** The Applicant must submit the final version of this file through the myCDFIFund portal and name the file "**QI-3-Narrative**".

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## **A. Organizational Capacity- Qualified Issuer**

*Describe the Applicant's capabilities to serve as a Qualified Issuer and its ability to deploy Bond Proceeds and Bond Loan proceeds. This description of capabilities must demonstrate that the Applicant has the appropriate expertise, capacity, and experience to originate, underwrite, service, and administer loan portfolios that serve Eligible Purposes and are targeted to Low-Income Areas and Underserved Rural Areas.*

*Provide a brief history and overview of the Applicant, including ownership, size, office locations and summary track record. Describe how the Applicant is organized, including a description of each entity involved in carrying out the roles of the Qualified Issuer, including Program Administration and Servicing. Provide relevant information for any third-party entities that will carry out the Program Administration and Servicing activities.*

Demonstrate the core loan administration capabilities, prior experience in commitment approvals and loan requisition. Specifically describe any prior experience in lending to CDFIs or other similar institutions.

Indicate the Applicant's organizational risk exposure and the relevant risk mitigation strategies employed by the Applicant. Is the Applicant capable of issuing non-recourse Bonds? Are there any unique circumstances or restrictions that would affect its legal ability to do so?

Please enter your response to this section here. The text cannot exceed 15,000 characters.

## **B. Organizational Capacity- Program Administrator**

*Provide information to demonstrate the capability, expertise and experience of the entity serving in the role of Program Administrator. The Applicant should specifically address the proposed Program Administrator's management and organization, loan administration, and financial capability. The Applicant should also specifically address the duties of the Program Administrator as enumerated in 1808.606(b), including:*

- Approving and qualifying Eligible CDFI applications for participation in the Guarantee Application;
  - Bond and Bond Loan packaging;
  - Reviewing and approving Secondary Loan commitments based on the Secondary Loan Requirements;
  - Compliance monitoring of Bond Loans and Secondary Loans;
  - Preparing and submitting reports required by the Interim Rule, and;
  - Any other duties and related services customarily expected of a Program Administrator.
- Please enter your response to this section here. The text cannot exceed 15,000 characters.X

## **C. Organizational Capacity- Servicer**

*Provide information to demonstrate the respective capability, expertise and experience of the entity serving in the role of Servicer. The Applicant should specifically address the proposed*

*Servicer's management and organization, loan servicing, and financial capability. The Applicant should also specifically address the duties of the Servicer as enumerated in 1808.606(c), including:*

1. Billing and collecting Bond Loan payments from Eligible CDFIs;
2. Initiation collection activities on past-due Bond Loans;
3. Transferring Bond Loan payments to the respective funds and accounts managed by the Master Servicer/Trustee;
4. Bond Loan administration and servicing;
5. Systematic and timely reporting of Bond Loan performance through remittance and servicing reports, and providing such reports as may be required by the Interim Rule;
6. Proper measurement of annual outstanding Bond Loan requirements, and;
7. Any other duties and related services that are customarily expected of a Servicer.

Please enter your response to this section here. The text cannot exceed 15,000 characters.

## **D. Strategic Alignment**

*Summarize the Applicant's overall strategy, experience with the CDFI Industry, and alignment with the CDFI Bond Guarantee Program's goals. How does the CDFI Bond Guarantee Program fit into the Applicant's overall strategy? Specifically:*

1. Demonstrate the Applicant's knowledge of the CDFI Industry, especially with regard to evaluation of the financial strength of CDFIs. State the number of years working with CDFIs or similar institutions. Where possible, substantiate claims with quantifiable statistics and relevant qualitative details.

Describe the Qualified Issuer's mission and how the Applicant has a demonstrated track record of commitment to community and economic development and the goals of the CDFI Bond Guarantee Program. Provide a comparable discussion for third-party Servicer or Program Administrator, if any.

Identify any actual or potential conflicts of interest an Applicant would have in performing as a Qualified Issuer. Include the interests of the Applicant's parent, subsidiary, and affiliate companies. The Applicant must also describe the specific steps it would take to avoid, mitigate, or neutralize any such conflicts.

Describe the Applicant's ethics and compliance policies including any procedures, training materials, and audit practices designed to detect and prevent violations of Federal and state laws and conflicts of interest. If Applicant has a risk or compliance officer, describe the person's responsibilities and an assessment of whether the person operates independently from the Applicant's decision makers who manage the Bond Issues.

Describe any other relevant factors or information that the CDFI Fund should be aware of with regards to strategic alignment, including any items that may be adverse or of concern. Please note that it is generally more favorable to be transparent with such information rather than have it discovered through the due diligence process.

Please enter your response to this section here. The text cannot exceed 12,000 characters.X

## **E. Management and Staffing**

*Describe the Applicant's overall management, staffing history, and projected needs with regards to fulfilling the roles of the Qualified Issuer, Program Administrator, and Servicer functions.*

*Provide relevant information for any third-party entities that will carry out these activities.*

1. Describe the Applicant's staffing plan in relation to the CDFI Bond Guarantee Program, including any hiring or training to be completed. Please specifically describe the Applicant's approach and any staffing dedicated to monitoring Secondary Loans after Bond Issuance.

Discuss management's ability to manage the organization through the funding, monitoring and collection of the Bond Loans being contemplated with the Bond Proceeds. Describe the past performance of the management team in delivering on past projections. Specific attention should be placed on any experience developing multi-lender loan pools or syndications. Where possible, substantiate claims with quantifiable statistics and relevant qualitative details.

Describe the current retention of management and staff. Have there been any significant changes at the senior management or board level? Are there any significant changes anticipated in the next year?

Describe any other relevant factors or information that the CDFI Fund should be aware of with regards to management, including any items that may be adverse or of concern. Please note that it is generally more favorable to be transparent with such information rather than have it discovered through the due diligence process.

Please enter your response to this section here. The text cannot exceed 12,000 characters.

## **F. Financial Strength and Stability**

*Provide information that demonstrates the applicant's financial strength, stability, and capacity to fulfill the roles of the Qualified Issuer, Program Administrator, and Servicer functions. If any third-party entities will carry out these activities, please provide the relevant financial information for each organization.*

1. Describe the financial risks of the Applicant, including any specific risks (e.g. contingent liabilities) in participation in the CDFI Bond Guarantee Program as a Qualified Issuer, as well as risk mitigation strategies related to the above. The Applicant should demonstrate its financial stability in the performance of Bond and Bond Loan administration and servicing activities, loan origination, and underwriting over the term of the Bond. The narrative should also address the Applicants approach to monitoring compliance with any financial covenants imposed by the CDFI Bond Guarantee Program.

The Applicant should provide a brief discussion of all sources of earned revenue greater than 10 percent of the total earned revenue for each of the past three years. The discussion may be



limited to noting interest income but may expand to include a discussion of consulting income sources.

Describe the Applicant's strategic plan and goals for financial strength and stability. Is the Applicant sufficiently capitalized at this time? How does the Applicant plan to maintain or increase capitalization if not?

Describe any other relevant factors or information that the CDFI Fund should be aware of with regards to financial strength and stability, including any items that may be adverse or of concern. Please note that it is generally more favorable to be transparent with such information rather than have it discovered through the due diligence process.

Please enter your response to this section here. The text cannot exceed 12,000 characters.

