

Application Instructions For Community Development Loan Funds

To apply for funding from the Small Business Lending Fund (SBLF), your Community Development Loan Fund (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. Applications must be submitted by June 2 , 2011. Guidance and a template for an applicant's lending plan can be found at www.treasury.gov/SBLF.

CDLF Eligibility Requirements

To be eligible for participation in SBLF, your CDLF must:

- be certified by the Community Development Financial Institutions Fund (CDFI Fund) as a CDFI or have applied for such certification prior to May 2 , 2011 and receive such certification by August 1;
- be exempt from taxation under the Internal Revenue Code of 1986;
- have at least three years of operating experience;
- have audited financial statements for the three most recent fiscal years ended and a clean audit opinion with respect to its audited financial statements for the most recent fiscal year-end;
- have total assets of \$10 billion or less, as reported in audited financial statements for the fiscal year that ended in calendar year 2009; and,
- satisfy the following financial requirements:
 - average net income for the three most recent fiscal years is positive;
 - cash and cash equivalents are equal to or greater than operating expenses for each of the four most recent quarters ended;
 - year-end cash and cash equivalents are equal to or greater than 25% of annual operating expenses for one or both of the two most recent fiscal years ended;
 - net assets plus the amount of liabilities (if any) relating to equity equivalent instruments that are reflected on the CDFI's balance sheet to total assets is at least 20%, without including Treasury's investment;
 - loan loss reserves to loans and leases 90 days or more delinquent (including loans sold with full recourse) is at least 30%;
 - loans and leases 90 days or more delinquent (including loans sold with full recourse) to total equity (defined as unrestricted net assets plus loss reserves, to the extent that such loan loss reserves are not otherwise included in unrestricted net assets) is less than 40%; and,
 - outstanding loans eligible for inclusion in Qualified CDLF Small Business Lending, as defined in the "Initial Call Report for Community Development Loan Funds" (included herein), are at least 10% of total loans outstanding.

For more information on CDLF eligibility criteria, please visit the SBLF website at www.treasury.gov/SBLF and review the Summary of Terms for Equity Equivalent Capital for CDLFs.

To get started on your application, refer to the "Application Checklist for Community Development Loan Funds Applying for SBLF Funding" included herein. Please note: Treasury may conduct an on-site inspection and discuss matters relevant to the application with the applicant's principal officers as part of the application review process.

For Additional Information

If you have general questions about the application process, please call the SBLF 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, a Treasury email address.



Application Checklist For Community Development Loan Funds

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

- A completed, signed, and dated application package, which includes the attached Application, SBLF Initial Call Report for Community Development Loan Funds, Eligibility Worksheet, and Loan Portfolio Quality Worksheet. (For CDLFs using digital signatures, the completed electronic application is submitted as a single document. For CDLFs using handwritten signatures, both the completed electronic application and a scanned copy of the entire application package, including signature page, must be submitted.)
- Audited annual financial statements for each of the three most recent fiscal years ended as of the date of application. (If the audit for the most recent fiscal year-end is not complete at the time of application, it must be completed and submitted to Treasury by August 1. In this case, please submit a draft of such statements at the time of application.)
- An audit opinion letter for the annual financial statements of the most recent fiscal year ended as of the date of application. (If the audit opinion letter for the most recent fiscal year-end is not complete at the time of application, it must be completed and submitted to Treasury by August 1. In this case, please submit the prior year's audit opinion letter at the time of application.)
- Quarterly financial statements for each of the four most recent quarters ended prior to the date of application.
- An IRS determination letter with respect to your CDLF's tax-exempt status.
- A completed [Certification of Material Events Form](#) as designated by the CDFI Fund.
- 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).

GAAP Financial Statements Required: All financial statements must be prepared in accordance with generally accepted accounting principles (GAAP) in the United States.



Application For Community Development Loan Funds

Name of CDLF: _____

Employer Identification Number (EIN):

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(e.g., 89-1234567)

CDFI Certification Number:

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(e.g., 941CE123456)

If your CDLF has submitted a CDFI Certification Application to the CDFI Fund, but has not yet received a CDFI Certification Number, please note the date on which the application was submitted: _____
Only organizations currently certified as CDFIs, or that have a pending CDFI certification application that was submitted to the CDFI Fund prior to May 25, 2011, are eligible to apply for SBLF funding.

Address: _____

City: _____ State: _____ Zip Code: _____

Primary Contact Name: _____

Primary Contact Telephone: _____ Primary Contact Email: _____

Asset Size: \$ _____ (round down 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 calendar year 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 Chief Executive Officer (or equivalent authorized official) of the named Community Development Loan Fund, attest that this application and all documents submitted along with this application, for this application date, have been prepared in conformance with the instructions issued by the Treasury and are 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 all of the terms and conditions of its debt obligations. If it is not in compliance, I have provided a written explanation of the reason for noncompliance with this application on the “Additional Information” page.

Signature of Authorized Official: _____

Name of Authorized Official: _____

Title of Authorized Official: _____

Date: _____



SBLF Initial Call Report

For Community Development Loan Funds

Definition of Qualified CDLF Small Business Lending

For a loan made by a CDLF to be eligible for inclusion in Qualified CDLF Small Business Lending, it must meet the following criteria:

- The original principal and commitment amount of the loan must be \$10 million or less.
- The loan must not be to a business with more than \$50 million in revenues.
- The loan must fall within one of the following four categories:
 - **Commercial and industrial loans:** Loans made for commercial and industrial purposes to sole proprietorships, partnerships, corporations (including non-profit corporations), and other business enterprises, whether secured (other than those that meet the definition of a “loan secured by real estate”) or unsecured, single-payment or installment. This category includes microenterprise loans and lines of credit.
 - **Owner-occupied nonfarm, nonresidential real estate loans:** Loans secured by nonfarm, nonresidential commercial real estate property, including community facilities. The primary source of repayment must be the cash flow from the borrower/owner or enterprise's operations and activities (or an affiliate subsidiary or related Special Purpose Entity).
 - **Loans to finance agricultural production and other loans to farmers:** Loans made for the purpose of financing agricultural production. Include such loans whether secured (other than those that meet the definition of a “loan secured by real estate”) or unsecured and whether made to farm and ranch owners and operators.
 - **Loans secured by farmland:** Loans made for farmland and improvements and secured by mortgages or other real estate liens. Farmland includes all land known to be used or usable for agricultural purposes, such as crop and livestock production, grazing or pasture land, whether tillable or not and whether wooded or not.

Qualified CDLF Small Business Lending is defined, without consideration of tax status, to include borrowers that are sole proprietorships, partnerships, corporations, tax-exempt organizations, and cooperatives.

Date of Call Report: _____

Dates of Most Recent Quarter Ended (mm/dd/yy – mm/dd/yy): _____ – _____

CDLF Call Report Table for Most Recent Quarter End

		All Loans Outstanding	Qualified CDLF Small Business Lending
1.	Commercial and industrial loans	1	\$
2.	Owner-occupied nonfarm, nonresidential real estate loans	2	\$
3.	Loans to finance agricultural production and other loans to farmers	3	\$
4.	Loans secured by farmland	4	\$
5.	All other outstanding loans (loans not included in lines 1-4)	5	\$
6.	Total (sum of lines 1-5)	6	\$



Eligibility Worksheet

For Community Development Loan Funds

Instructions

Please complete the following tables in full prior to submitting your institution’s application. For items referencing year-end financial statements, ensure that these figures reflect those reported in your CDLF’s audited financial statements as submitted. To be eligible for SBLF funding, your institution must meet the criteria specified. Your CDLF will also need to meet these criteria for the periods ended in relation to the date of the financing.

Optional: For items (D) through (F), if your CDLF does not meet the criteria as of the most recent fiscal year-end, but does meet all criteria as of the most recent quarter-end, then Treasury will consider your institution’s eligibility for SBLF funding based on the quarter-end results, provided that you submit by August 1 a review completed by an external auditor of such quarterly financial statements and this review does not identify any material modifications required for the financial statements to be in accordance with GAAP.

If your CDLF intends to submit such a review of its financial statements for the most recent quarter-end, please check this box:

		Beginning (mm/dd/yy)	Ending (mm/dd/yy)
1. Dates of the most recent fiscal year-end (FYE) as of the date of your application	1		
2. Dates of the most recent quarter-end (QE) as of the date of your application	2		

A. Average net income for the three most recent fiscal years is positive.

3. Net income for the most recent FYE	3		\$
4. Net income for the 2 nd most recent FYE	4		\$
5. Net income for the 3 rd most recent FYE	5		\$
6. Sum of last three years of net income (sum of lines 3-5)	6		\$
7. Average net income (line 6 divided by '3')	7		\$

B. Operating liquidity ratios for the four most recent quarters ended are 1.0 or greater.

		4 th Most Recent QE	3 rd Most Recent QE	2 nd Most Recent QE	Most Recent QE	
8. Cash and cash equivalents	8					\$
9. Operating expenses	9					\$
10. Operating liquidity ratios for each QE (line 8 divided by line 9, rounded to the nearest tenth)	10					x

C. Operating liquidity ratios for one or both of the two most recent fiscal years ended are 1.0 or greater.

		2 nd Most Recent FYE	Most Recent FYE	
11. Cash and cash equivalents	11			\$
12. Annual operating expenses	12			\$
13. 25% of annual operating expenses (line 12 multiplied by 25%)	13			\$
14. Operating liquidity ratios for two most recent FYE (line 11 divided by line 13, rounded to the nearest tenth)	14			x



D. Net assets plus the amount of liabilities (if any) relating to equity equivalents (EQ2) to total assets (excluding assets for which the CDLF bears no economic risk) is at least 20%.

		Most Recent QE	Most Recent FYE
15. Total assets	15		\$
16. Assets for which the CDLF bears no economic risk (e.g., loans managed for other creditors or capitalized with non-recourse debt provided by a third-party)	16		\$
17. Total assets excluding assets for which the CDLF bears no economic risk (line 15 minus line 16)	17		\$
18. Total net assets	18		\$
19. Total liabilities (if any) relating to EQ2s	19		\$
20. Total net assets plus EQ2s (line 18 plus line 19)	20		\$
21. Net assets plus EQ2s as a percentage of total assets, excluding assets for which the CDLF bears no economic risk (line 20 divided by line 17, multiplied by '100')	21		%

E. Ratio of loan loss reserves to loans and leases 90 days or more delinquent (including loans sold with full recourse) is at least 30%.

		Most Recent QE	Most Recent FYE
22. Loan loss reserves	22		\$
23. Loans and leases 90 days or more delinquent, including loans sold with full recourse	23		\$
24. Reserves as a percentage of delinquency (line 22 divided by line 23, multiplied by '100')	24		%

F. Ratio of loans and leases 90 days or more delinquent (including loans sold with full recourse) to unrestricted net assets plus loan loss reserves is less than 40%.

		Most Recent QE	Most Recent FYE
25. Loans and leases 90 days or more delinquent, including loans sold with full recourse (line 23)	25		\$
26. Unrestricted net assets	26		\$
27. Loan loss reserves not included in unrestricted net assets	27		\$
28. Unrestricted net assets plus loan loss reserves (line 26 plus line 27)	28		\$
29. Delinquency as a percentage of unrestricted net assets plus loan loss reserves (line 25 divided by line 28, multiplied by '100')	29		%

G. Outstanding loans eligible for inclusion in Qualified CDLF Small Business Lending* are equal to or greater than 10% of total loans outstanding.

		Most Recent QE	
30. Total Qualified CDLF Small Business Lending (column 2, line 6 of the SBLF Initial Call Report for Community Development Loan Funds)	30		\$
31. Total of all loans outstanding (column 1, line 6 of the SBLF Initial Call Report for Community Development Loan Funds)	31		\$
32. Qualified CDLF Small Business Lending as a percentage of total loans outstanding (line 30 divided by line 31, multiplied by '100')	32		%

*These loans must meet the criteria for Qualified CDLF Small Business Lending, as defined in the "Initial Call Report for Community Development Loan Funds."



Loan Portfolio Quality Worksheet For Community Development Loan Funds

Aggregate Loan Portfolio		3 rd Most Recent FYE		2 nd Most Recent FYE		Most Recent FYE	
		#	\$	#	\$	#	\$
1. Portfolio outstanding	1						
2. Loans delinquent (include any loan or lease that is 90 or more days past due as of the reporting year-end)	2						
3. Loans restructured (include any loan or lease that was restructured in the prior twelve months as of the reporting year-end)	3						
4. Loans delinquent prior to restructuring (include any loan or lease that was restructured in the prior twelve months as of the reporting year-end that was 90 days or more past due at the date of restructuring)	4						
5. Total portfolio-at-risk (line 2 divided by line 1)	5						

Loan Loss Reserves and Write-Offs		3 rd Most Recent FYE	2 nd Most Recent FYE	Most Recent FYE	
6. Total outstanding loan portfolio	6				\$
7. Net write-offs or net charge-offs	7				\$
8. Annual net loan loss ratio (line 7 divided by line 6)	8				%
9. Loan loss reserves (cash)	9				\$
10. Loan loss reserves (accrual)	10				\$
11. Loan loss reserve ratio (sum of lines 9 and 10, divided by line 6)	11				%

Five Largest Loans	Delinquency Status*	Principal Amount (\$ amount)	Percentage of Loan Portfolio	Origination Date (mm/dd/yy)	Maturity Date (mm/dd/yy)	Loan Type**
12. Largest loan						
13. 2 nd largest loan						
14. 3 rd largest loan						
15. 4 th largest loan						
16. 5 th largest loan						

* **Delinquency Status:** Use these categories: current (less than 30 days), 30-59 days, 60-89 days, or 90+ days.

** **Loan Type:** Examples of loan type include: business, microenterprise, commercial real estate, multi-family housing, education facility, health facility, etc.

For loans secured by real estate, please complete:	Most Recent Appraisal Value	Most Recent Appraisal Date
Largest loan (line 12)		
2 nd largest loan (line 13)		
3 rd largest loan (line 14)		
4 th largest loan (line 15)		
5 th largest loan (line 16)		



Additional Information

Please include any additional information regarding your CDLF's application that may be relevant to Treasury, including any notes with respect to the reporting of required data or calculation of the financial eligibility requirements.