
Community Development Financial Institutions Fund

Appendix

Glossary of Terms

TERMS	DEFINITIONS
Affiliate	Any company or entity that controls, is controlled by, or is under common control with another company.
Annual Net Loan Loss Ratio	The <i>Annual Net Loan Loss Ratio</i> is calculated by dividing <i>Net Write-Offs or Net Charge-Offs</i> by <i>Total Outstanding Loan Portfolio</i> . The <i>Annual Net Loan Loss Ratio</i> represents the portion of an organization's <i>Total Outstanding Loan Portfolio</i> that is so delinquent that it has been deemed uncollectable and assumed to be a loss.
Arms-Length Transaction	A transaction with an entity other than an <i>Affiliate</i> .
Assistance Agreement	A written agreement between the Fund and an awardee specifying the terms and conditions of assistance including, without limitation, performance goals and financial soundness covenants, if applicable.
Authorized Representative	An officer, or other individual, who has the actual authority to sign for and make representations on behalf of the applicant.
Average Outstanding Loan Portfolio	<i>Average Outstanding Loan Portfolio</i> is calculated by averaging the organization's <i>Total Outstanding Loan Portfolio</i> between two points in time. For example, <i>Average Outstanding Loan Portfolio</i> in 1997 equals <i>Total Outstanding Loan Portfolio</i> at 12/31/96 plus <i>Total Outstanding Loan Portfolio</i> at 12/31/97 divided by 2. The <i>Average Outstanding Loan Portfolio</i> reflects the average amount of loans disbursed by an organization to its borrowers throughout the course of the organization's fiscal year.
Closed	See <i>Loan Closed or Equity Investment Closed</i> .
Committed Matching Funds	<i>Matching Funds</i> for which the applicant has received a written, legally binding commitment from the funder specifying, at a minimum, the level of funding that the funder will provide the applicant, the date by which the funds will be disbursed to the applicant, and any terms or conditions thereof (including, in the case of a loan, the interest rate and maturity date).
CDFI Intermediary	An entity whose primary business activity is the provision of <i>Financial Products</i> to CDFIs and/or emerging CDFIs in formation and that meets the CDFI certification eligibility requirements.
Community Facilities	Facilities, generally buildings that are used for non for-profit businesses, that provide needed services to a community, such as health care, day care, educational or cultural facilities, and infrastructure facilities, such as water supply or waste water facilities.
Community-Governed	An entity with respect to which the residents of an <i>Investment Area(s)</i> or members of a <i>Targeted Population(s)</i> represent greater than 50% of the governing body.
Community-Owned	An entity with respect to which the residents of an <i>Investment Area(s)</i> or members of a <i>Targeted Population(s)</i> have an ownership interest of greater than 50%.

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Community Partner	An entity (other than an individual) that provides loans, <i>Equity Investments</i> , or <i>Development Services</i> and enters into a <i>Community Partnership</i> with an applicant. A <i>Community Partner</i> may include a <i>Depository Institution Holding Company</i> , an <i>Insured Depository Institution</i> , an <i>Insured Credit Union</i> , a non-profit or for-profit organization, a State or local government entity, a quasi-government entity, or an investment company authorized pursuant to the Small Business Investment Act of 1958 (15 U.S.C. 661 et seq.).
Community Partnership	An agreement between an applicant and a <i>Community Partner</i> to collaboratively provide loans, <i>Equity Investments</i> , or <i>Development Services</i> to an <i>Investment Area(s)</i> or a <i>Targeted Population(s)</i> .
Comprehensive Business Plan	A business plan of a minimum of five years that covers an organization's past and projected community development impact, past and projected financial performance, management capacity, operational capacity, market analysis, program design and implementation plan.
Comprehensive CDFI Development Plan	A plan that describes an organization's community development and financial track record and its management capacity, market analysis, program design and implementation plan, and the resulting projected community development impact through its own capacity building or through the creation of a new CDFI. Applicable to the Native American CDFI Technical Assistance (NACTA) component of the CDFI program.
Control	<i>Control</i> means (1) Ownership, <i>Control</i> , or power to vote 25 percent or more of the outstanding shares of any class of voting securities of any entity, directly or indirectly or acting through one or more other persons; (2) <i>Control</i> in any manner over the election of a majority of the directors, trustees, or general partners (or individuals exercising similar functions) of any other entity; (3) The power to exercise, directly or indirectly, a <i>Controlling</i> influence over the management or policies of another entity, as determined by the Fund. One example of a <i>Controlling</i> influence over the management or policies of another entity is a management agreement where one entity enters into a management contract with a different entity, under which the first entity directs or exercises significant influence over the general management or overall operations of the second entity. Another example of a controlling influence is where one entity has the authority to select fifty percent of the board members of another entity.
Current Ratio	<i>Total Current Assets</i> divided by <i>Total Current Liabilities</i> .
Delinquency Ratio	The total dollar amount of loans with payments 30 days or more past due divided by the <i>Total Outstanding Loan Portfolio</i> (or <i>Total Loans</i> , in the case of banks or thrifts). Past due loans include the <u>entire</u> outstanding balance of loans with payments that are past due. Loans should be considered past due if <u>any</u> part of the payment is past due. In the case of a non-regulated for-profit or non-profit organization, the <i>Delinquency Ratio</i> is measured using a schedule of the aging of total loan receivables at 30, 60 and 90 days. In the case of <i>Insured Credit Unions</i> , the aging schedule is calculated at 2 months, 6 months and 12 months. In the case of banks and thrifts, the aging schedule is calculated at 31, 61 and 90 days or more. Banks and thrifts also have a category of loans called non-accrual loans for which the banks and thrifts are no longer accruing interest due to the borrowers' poor payment performance. The <i>Delinquency Ratio</i> is also commonly known as the <i>Portfolio-at-Risk</i> .

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Deployment Ratio	<i>Total Outstanding Loan Portfolio</i> and/or <i>Total Outstanding Equity Investment Portfolio</i> divided by <i>Total Financing Capital</i> (the sum of <i>Total Adjusted Notes Payable</i> and <i>Total Equity Capital Available for Financing</i>). The <i>Deployment Ratio</i> indicates the extent to which debt capital and equity capital (both restricted and unrestricted) are actually deployed in loans or <i>Equity Investments</i> , and serves as an indicator of how aggressive an organization has been in using available capital.
Depository Institution Holding Company	A bank holding company or a savings and loan holding company as defined in Section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813 (w)(1)).
Development Services	Activities that promote community development and are integral to the applicant's provision of <i>Financial Products</i> . Such services shall prepare or assist current or potential borrowers or investees to utilize the <i>Financial Products</i> of the applicant. Such services include, for example: <ol style="list-style-type: none">(1) Financial or credit counseling to individuals for the purpose of facilitating home ownership, promoting self-employment, or enhancing consumer financial management skills; or(2) Technical assistance to borrowers or investees for the purpose of enhancing business planning, marketing, management, and financial management skills.
Equity Investment	An investment made by an applicant which, in the judgment of the Fund, directly supports or enhances activities that serve an <i>Investment Area(s)</i> or a <i>Targeted Population(s)</i> . Such investment must be made through an <i>Arms-Length Transaction</i> . An <i>Equity Investment</i> includes a stock purchase, a purchase of a partnership interest, a purchase of a limited liability company membership interest, a loan made on such terms that it has sufficient characteristics of equity (and is considered as such by the Fund); or any other investment deemed to be an <i>Equity Investment</i> by the Fund.
Equity Investment Closed	An <i>Equity Investment</i> is <i>Closed</i> when a legally binding investment document has been signed by the investee in favor of the investor.
Equity Investment-to-Asset Ratio	The <i>Total Outstanding Equity Investment Portfolio</i> divided by <i>Total Assets</i> . If an organization does not own significant non- <i>Equity Investment</i> assets (e.g. real estate), the <i>Equity Investment-to-Asset Ratio</i> may serve as an indicator of the extent to which an organization's assets are available for making <i>Equity Investments</i> and how aggressive an organization has been in investing available capital.
Financial Products	Loans, <i>Equity Investments</i> , and in the case of <i>CDFI Intermediaries</i> , grants to CDFIs and/or emerging CDFIs, deposits in <i>Insured Credit Union</i> CDFIs and/or emerging <i>Insured Credit Union</i> CDFIs, and donation of fixed assets to Insured Credit Unions. <i>Financial Products</i> are made through <i>Arms-Length Transactions</i> to third parties using the CDFI's own capital.
Financial Services	Checking or savings accounts, check cashing, money orders, certified checks, automated teller machines, deposit-taking and safe deposit box services.

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Financial Statements	Financial reports that reflect the financial condition of an organization at a specific point in time. In the case of a non-regulated for-profit, bank, thrift or <i>Insured Credit Union</i> , such statements consist of a balance sheet, income and expense statement, and statement of cash flows (optional for <i>Insured Credit Unions</i>). In the case of a non-regulated non-profit, such statements consist of a statement of financial condition, statement of activities and statement of cash flows.
Financing Entity	An entity whose predominant business activity is the provision, in <i>Arms-Length Transactions</i> , of <i>Financial Products</i> , <i>Development Services</i> , and/or other similar financing. An applicant may demonstrate that it is such an entity if it is a(n): <ol style="list-style-type: none">(1) <i>Depository Institution Holding Company</i>;(2) <i>Insured Depository Institution</i> or <i>Insured Credit Union</i>; or(3) An organization which is deemed by the Fund to have such a predominant business activity as a result of analysis of its financial statements, organizing documents, and any other information required to be submitted as part of its application.
Financing Related Activities	Activities that support the applicant's provision of <i>Financial Products</i> , including: <ol style="list-style-type: none">(1) Pre-development grants, provided that, in the opinion of the Fund, they are offered to the applicant's borrowers or potential borrowers in order to enhance such borrowers' or potential borrowers' ability to use the applicant's lending or investment products; and(2) The provision of loan packaging, provided that, in the opinion of the Fund, the applicant is financing more than a nominal portion of the loan that is being packaged for another lender.
Full-Time Equivalent (FTE)	An employee that works at least a 40-hour work week. In calculating the number of <i>Full-Time Equivalent</i> s, part-time employees should be aggregated to full-time equivalents (e.g. two part-time employees that each work 20 hours per week may be aggregated to count as one <i>Full-Time Equivalent</i> .)
Geographic Units	A unit(s) within an <i>Investment Area</i> that is a county (or equivalent area), minor civil division that is a unit of local government, incorporated place, census tract, block numbering area, block group, or American Indian or Alaska Native area (as such units are defined or reported by the U.S. Bureau of the Census). However, <i>Geographic Units</i> in metropolitan areas that are used to comprise an <i>Investment Area</i> shall be limited to census tracts, block groups and American Indian or Alaskan Native areas.
Gross Loans Receivable	<i>Gross Loans Receivable</i> is defined as the <i>Total Outstanding Loan Portfolio</i> at the end of a period. Loans outstanding shall equal the aggregate dollar amount of all loans receivable without giving effect to any allowance for the collectability thereof (i.e. before deducting for <i>Loan Loss Reserves</i>). <i>Gross Loans Receivable</i> may also be referred to as <i>Total Loans</i> in the case of banks or thrifts.
In-Hand Matching Funds	<i>Matching Funds</i> that the applicant has received.
Insured Credit Union	Any credit union, the member accounts of which are insured by the National Credit Union Share Insurance Fund.

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Insured Depository Institution	Any bank or thrift, the deposits of which are insured by the Federal Deposit Insurance Corporation.
Investment Area	<p>A <i>Target Market</i> made up of a <i>Geographic Unit</i> or contiguous <i>Geographic Units</i> that:</p> <ol style="list-style-type: none">(1) Are entirely located within the geographic boundaries of the <i>United States</i> and either:(2) Meet at least one of the criteria of economic distress as defined under 12 CFR §1805.201(b)(3)(ii)(D) and has significant unmet needs for loans or <i>Equity Investments</i> as described under 12 CFR §1805.201(b)(3)(E); or(3) Encompass or are located in an Empowerment Zone (EZ) or Enterprise Community (EC).
Loan Loss Reserves	<i>Loan Loss Reserves</i> are funds set aside in the form of cash reserves or through accounting-based accrual reserves that serve as a cushion to protect an organization against potential future losses.
Loan Loss Reserve Ratio	The total dollar amount of <i>Loan Loss Reserves</i> divided by the <i>Total Outstanding Loan Portfolio</i> . The <i>Loan Loss Reserve Ratio</i> describes the amount of an organization's <i>Total Outstanding Loan Portfolio</i> that it assumes it may lose. The <i>Loan Loss Reserve Ratio</i> is also known as the Loan Loss Allowance to <i>Insured Credit Unions</i> , and is defined by the National Credit Union Administration.
Loan Closed	A loan is counted as <i>Closed</i> when a legally binding note has been signed by the borrower in favor of the lender.
Loan-to-Asset Ratio	<i>Total Outstanding Loan Portfolio</i> divided by <i>Total Assets</i> . If an organization does not own significant non-lending assets (e.g. real estate), this ratio may serve as an indicator of the extent to which an organization's assets are available for lending and how aggressive an organization has been in its loan production.
Loan-to-Deposit Ratio	<i>Total Outstanding Loan Portfolio</i> divided by the total dollar value of deposit liability accounts held by a bank or thrift. The <i>Loan-to-Deposit Ratio</i> is a key indicator for banks and thrifts that is evaluated by regulators and community groups. The <i>Loan-to-Deposit Ratio</i> is used to assess the extent to which deposit liability accounts held by a bank or thrift are being used to make loans. In addition, this ratio may also be used as a liquidity indicator (i.e., how much of a bank's or thrift's primary source of funds available for lending (deposits) are loaned, and therefore, currently unavailable to be lent).
Loan-to-Share Ratio	<i>Total Outstanding Loan Portfolio</i> divided by the sum of the dollar value of <i>Total Member Shares</i> and <i>Total Non-Member Shares</i> . The <i>Loan-to-Share Ratio</i> is a key indicator for <i>Insured Credit Unions</i> that are evaluated by the National Credit Union Administration (NCUA). The <i>Loan-to-Share Ratio</i> is used to assess the extent to which deposit liability accounts held by an <i>Insured Credit Union</i> are being used to make loans. In addition, this ratio is used by NCUA as a liquidity measure because it indicates the extent to which an <i>Insured Credit Union's</i> deposit liabilities are being used to fund its lending activities.

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Low-Income	An annual income, adjusted for family size, of not more than: (1) For metropolitan areas, 80% of the area median family income; and (2) For non-metropolitan areas, the greater of: (i) 80% of the area median family income; or (ii) 80% of the statewide non-metropolitan area median family income.
Low-Income Designated Credit Union	A <i>Low-Income Designated Credit Union</i> is a credit union designated as such by the appropriate National Credit Union Administration Regional Director in accordance with the criteria set forth in 12 C.F.R. § 701.34.
Low-Income Targeted Population	A <i>Target Market</i> that is made up of individuals who are <i>Low-Income</i> and who reside within the boundaries of the <i>United States</i> .
Matching Funds	All financial (as opposed to technical) assistance awarded under the Core and Intermediary Components of the CDFI Program shall be matched with funds from sources other than the Federal government on the basis of not less than one dollar for each dollar provided by the CDFI Fund. Funds that have been used to satisfy a legal requirement for obtaining funds under either the CDFI Program or another Federal grant or award program may not be used to satisfy the matching funds requirements. Community Development Block Grant Program and other funds provided pursuant to the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 et seq.), shall be considered Federal government funds and shall not be used to meet the matching requirements.
Multi-Bank Community Development Corporation (CDC)	In general, a for-profit or nonprofit organization in which multiple <i>Insured Depository Institutions</i> collectively play a role in the governance (e.g., comprising a majority of the board of directors), the investment decisions, and/or the capitalization of the entity.
NACTA Eligible Partner:	A NACTA Eligible Partner is an entity that is accountable to a specific Tribe or group of Tribes, Alaska Native Village or group of Villages, or to a Native American or Alaska Native population that resides in a specific geographic region such as a city, county, state, or states. Generally these will be organizations that could apply for Native American CDFI Technical Assistance (NACTA) component under NACTA eligibility categories 1 or 2. For example: Tribal governments, Tribal entities, Alaska Native Village governments, Village Corporations, Regional Corporations, Non-Profit Regional Corporations/Associations, Inter-Tribal or Inter-Village organizations, or non-profit community organizations, CDFIs, CDC's that by mission and practice primarily serve a Native American or Alaska Native population may qualify as a NACTA Eligible Partner. Entities that apply for NACTA under NACTA eligibility category 3 must have a NACTA Eligible Partner co-sign the application. The respective roles of the applicant and of the NACTA Eligible Partner must be described in the application.
Net Assets	<i>Total Assets</i> less <i>Total Liabilities</i> as reported in an organization's statement of financial condition. <i>Net Assets</i> is applicable to non-profit organizations and indicates the extent to which an organization's <i>Total Assets</i> exceed its <i>Total Liabilities</i> .

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Net Asset Ratio	<i>Net Assets</i> divided by <i>Total Assets</i> . The <i>Net Asset Ratio</i> serves as an indicator of the underlying financial strength of a non-profit organization's equity base relative to its <i>Total Assets</i> and whether it has sufficient equity to cover unexpected losses.
Net Capital	<i>Net Capital</i> is applicable to <i>Insured Credit Unions</i> and has the same meaning as defined by the National Credit Union Administration.
Net Capital Ratio	The total dollar value of an <i>Insured Credit Union's Net Capital</i> divided by its <i>Total Assets</i> . The <i>Net Capital Ratio</i> serves as an indicator of the strength of an <i>Insured Credit Union's</i> equity base relative to total assets and whether it has a sufficient cushion to cover unexpected losses. <i>Insured Credit Unions</i> must maintain a minimum <i>Net Capital Ratio</i> established by the National Credit Union Administration.
Net Charge-Off	The total dollar amount of loans that are determined to be a loss or non-recoverable during the course of an organization's fiscal year and taken off the books less loan amounts charged-off but later collected. A <i>Net Charge-Off</i> is also known as a <i>Net Write-Off</i> to non-regulated organizations.
Net Income	<i>Net Income</i> is calculated from a for-profit organization's income and expense statement or a non-profit organization's statement of activities by subtracting <i>Total Expenses</i> for each fiscal year from <i>Total Revenue</i> or income (including grants or other contributions received). In the case of a for-profit organization, <i>Net Income</i> is often called <i>Net Revenue</i> . In calculating <i>Net Revenue</i> , a for-profit organization should deduct total pre-tax expenses from total revenue. In the case of a non-regulated organization, <i>Net Income</i> is the sum of <i>Total Earned Income</i> and total grants and contributions minus <i>Total Expenses</i> . For banks and thrifts, <i>Net Income</i> is defined as the sum of net interest income and net non-interest income less extraordinary items (if any). In the case of an <i>Insured Credit Union</i> , <i>Net Income</i> or loss is the same as reported on the NCUA 5300. <i>Net Income</i> measures whether an organization has the resources to pay its annual operating expenses. Trends in <i>Net Income</i> are an indicator of the financial solvency of an organization.
Net Worth	The total dollar value of a for-profit organization's equity and is comprised of the sum of common stock, paid-in capital and <i>Retained Earnings</i> . <i>Net Worth</i> is the equity base of a regulated bank or thrift and other unregulated for-profit organization and its underlying financial strength. <i>Net Worth</i> is also commonly known as <i>Total Equity</i> .
Net Worth Ratio	The total dollar value of a for-profit organization's <i>Net Worth</i> divided by its <i>Total Assets</i> . The <i>Net Worth Ratio</i> serves as an indicator of the strength of an organization's equity base relative to <i>Total Assets</i> and whether it has a sufficient cushion to cover unexpected losses. The <i>Net Worth Ratio</i> is also commonly known as the <i>Equity Ratio</i> .
Net Write-Off	Total dollar amount of loans that are determined to be a loss or non-recoverable during the course of an organization's fiscal year and taken off the books less loan amounts written-off but later collected. A <i>Net Write-Off</i> is also known as a <i>Net Charge-off</i> to <i>Insured Credit Unions</i> , and banks and thrifts.

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Operating Liquidity Ratio	The sum of cash, cash equivalents and marketable securities divided by the product of <i>Total Expenses</i> multiplied by .25. The <i>Operating Liquidity Ratio</i> is a measure of the extent to which an organization has sufficient operating reserves on hand to pay its expenses. A ratio of 1.0 or greater means that an organization has at least 3 months of liquid assets on hand to cover three months of expenses. A ratio of less than 1.0 means that an organization may be experiencing operating liquidity problems and has insufficient operating reserves.
Other Targeted Population	A <i>Target Market</i> that is made up of an identifiable group of individuals who lack adequate access to loans or <i>Equity Investments</i> in the applicant's service area and who reside within the boundaries of the <i>United States</i> . Such a <i>Targeted Population</i> may be comprised of persons who have historically been denied access to loans or <i>Equity Investments</i> due to factors, including gender, race, ethnicity, national origin, and creed.
Past Due Loans	<i>Gross Loans Receivable</i> or <i>Total Loans</i> with payments 30 days or more past due (2 months for <i>Insured Credit Unions</i>). Loans should be considered past due if any part of the payment is past due.
Portfolio-at-Risk	The total dollar amount of loans with payments 30 days or more past due divided by the <i>Total Outstanding Loan Portfolio</i> . The <i>Portfolio-at-Risk</i> is calculated based on <i>Past Due Loans</i> and includes the <u>entire</u> outstanding balance of loans with payments that are past due. Loans should be considered past due if <u>any</u> part of the payment is past due. In the case of a for-profit or non-depository non-profit organizations, the <i>Portfolio-at-Risk</i> is measured using a schedule of the aging of total loan receivables at 30, 60 and 90 days. In the case of <i>Insured Credit Unions</i> , the aging schedule is calculated at 2 months, 6 months and 12 months. Banks and thrifts also have a category of loans called non-accrual for which the banks and thrifts are no longer accruing interest due to poor payment performance. The <i>Portfolio-at-Risk</i> is also commonly known as the <i>Delinquency Rate</i> .
Retained Earnings	<p>An applicant may propose to meet all or a portion of its <i>Matching Funds</i> requirements by committing available earnings retained from its operations. <i>Retained Earnings</i> accumulated after the end of the applicant's most recent fiscal year ending prior to the appropriate application deadline may not be used as <i>Matching Funds</i>.</p> <ol style="list-style-type: none">(1) In the case of a for-profit applicant, <i>Retained Earnings</i> that may be used for matching an <i>Equity Investment</i> shall consist of:<ol style="list-style-type: none">(i) the increase in <i>Retained Earnings</i> (excluding the after-tax value to an applicant of any grants and other donated assets) that has occurred over the applicant's most recent fiscal year or(ii) the annual average of such increases that have occurred over the applicant's three most recent fiscal years.(2) In the case of a non-profit applicant (other than a credit union), <i>Retained Earnings</i> that can be used for <i>Matching Funds</i> purposes for a grant shall consist of:<ol style="list-style-type: none">(i) the increase in an applicant's <i>Net Assets</i> (excluding the amount of any grants and value of other donated assets) that has occurred over the applicant's most recent fiscal year; or(ii) the annual average of such increases that has occurred over the applicant's three most recent fiscal years.

- (3) In the case of a credit union applicant, *Retained Earnings* that may be used for *Matching Funds* purposes for a grant shall consist of:
- (i) the increase in *Net Capital* that has occurred over the applicant's most recent fiscal year. *Net Capital* shall be comprised of "Regular Reserves", "Other Reserves" (excluding reserves specifically dedicated for losses), and "Undivided Earnings" as such terms are used in the National Credit Union Administration's accounting manual.
 - (ii) the annual average of such increases that have occurred over the applicant's three most recent fiscal years; or
 - (iii) the entire *Net Capital* that has been accumulated since the inception of the applicant. If the applicant chooses this option, it must increase its *Total Member* and/or *Non-Member Shares* by an amount that is at least equal to four times (or two times if awarded under a SECA Component NOFA) the amount of *Net Capital* that is committed as *Matching Funds*. For example, if the applicant matches a \$100,000 Fund award with \$100,000 in *Retained Earnings* under this option, it must raise *Total Member/Non-Member Shares* by \$400,000 (or \$200,000 if awarded under a SECA Component NOFA) in order to receive a disbursement for the award. This increase will be achieved within 24 months of September 30 of the calendar year in which the applicant is selected to receive an award. The baseline level of *Total Member/Non-Member* shares will be measured as of September 30 of the calendar year in which the applicant is selected to receive an award.

SECA Component	A component of the CDFI Program designed to provide technical assistance to CDFIs and those proposing to be CDFIs and limited amounts of <i>Financial Assistance</i> in conjunction with technical assistance to <i>Small and Emerging</i> CDFIs or those proposing to be CDFIs.
Secondary Capital	<i>Secondary Capital</i> is monies committed to an uninsured account with a <i>Low-Income Designated Credit Union</i> for a minimum of five years. Funds in the <i>Secondary Capital</i> account (including both principal and interest earned) must be available to cover operating losses realized by such credit union (i.e. losses that exceed its net available reserves and undivided earnings). See 12 C.F.R. § 701.34 for more information.
Self-Sufficiency Ratio	<i>Total Earned Income</i> divided by <i>Total Expenses</i> . This ratio measures the extent to which an organization is covering its annual expenses through internally generated sources (e.g., interest income, fees)— or <i>Total Earned Income</i> — rather than grants or other contributions.
Small and Emerging	<i>Small and Emerging</i> entities include: (1) institutions that have total assets of no more than \$5 million as of the last day of the applicant's most recently completed fiscal year, and have never received a Notice of Award for Financial Assistance from the CDFI Fund or (2) <i>Depository Institution Holding Companies</i> or other <i>Insured Depository Institutions</i> that have been chartered by the appropriate federal or state regulatory agency on or after three years prior to the date of the applicable NOFA and have never received a Notice of Award for Financial Assistance from the CDFI Fund prior to the date of application for SECA.
Start-Up Organization	An entity that has been in operation, incurring operating expenses, for two years or less, counting from the date of publication of the applicable NOFA in the <u>Federal Register</u> .

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Subsidiary	Any company which is owned or controlled directly or indirectly by another company and includes any service corporation owned in whole or part by an <i>Insured Depository Institution</i> or any <i>Subsidiary</i> of such a service corporation, except as provided in 12 CFR §1805.200(b)(4).
Targeted Population	Individuals, or an identifiable group of individuals, who are <i>Low-Income</i> people (e.g., a <i>Low-Income Targeted Population</i>) or lack adequate access to loans or <i>Equity Investments</i> in the applicant's service area (an <i>Other Targeted Population</i>). The members of a <i>Targeted Population</i> must reside within the boundaries of the <i>United States</i> .
Target Market	An <i>Investment Area(s)</i> and/or a <i>Targeted Population(s)</i> .
Tier 1 Leverage Capital Ratio	Tier 1 capital divided by adjusted average assets. <i>Tier 1 Leverage Capital Ratio</i> is defined as the sum of common equity, non-cumulative perpetual preferred stock and related surplus and minority interest in unconsolidated subsidiaries minus ineligible deferred tax assets and ineligible intangible assets. Adjusted average assets is defined as year-to-date average of the average assets reported in Schedule RC-K of the Report of Condition, adjusted for 1) ineligible intangible assets used in Tier 1 capital, and 2) unrealized loss on marketable equity securities. This ratio serves as an indicator of the underlying financial strength of a bank or thrift and whether it has an equity cushion sufficient to cover unexpected losses. Banks and thrifts must maintain a minimum <i>Tier 1 Leverage Capital Ratio</i> established by its appropriate Federal Banking Agency.
Total Adjusted Notes Payable	<i>Total Adjusted Notes Payable</i> is comprised of the total dollar amount of an organization's notes payable that may be used to support lending or <i>Equity Investment</i> activities. <i>Total Adjusted Notes Payable</i> is calculated by deducting from total notes payable, all notes payable that are specifically used for non-financing activities (e.g. if an organization has an outstanding mortgage on its office building, the outstanding principal should be deducted from total notes payable).
Total Assets	The sum of all assets of the organization.
Total Commitments	The total dollar amount of loan or <i>Equity Investment</i> commitments made by a CDFI to borrowers or investees that have not yet been disbursed, but for which the CDFI has reserved cash, cash equivalents, or other assets to fund at a later date (e.g., a loan that is closed but not yet disbursed; a loan that has been provisionally approved but will not be closed or disbursed until a borrower meets certain terms and conditions; a loan that has been approved by a loan committee but not yet closed).
Total Financing Capital	<i>Total Financing Capital</i> is an organization's total assets that are either being used for lending or <i>Equity Investments</i> or are available for such use. <i>Total Financing Capital</i> is calculated by taking the sum of <i>Total Adjusted Notes Payable</i> and <i>Total Equity Capital Available for Financing</i> . <i>Total Financing Capital</i> represents the total dollar amount of debt and equity financing to support lending or <i>Equity Investment</i> activities.
Total Current Assets	The total dollar amount of assets expected to be converted to cash or cash equivalents within the next 12 months.
Total Current Liabilities	The total dollar amount of liabilities that are due to be paid within the next 12 months.

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Total Deposits	The total dollar amount of deposit liability accounts held by a bank or thrift that is a Federal Deposit Insurance Corporation insured bank or thrift.
Total Earned Income	<i>Total Earned Income</i> is the sum of interest income, loan fees and other program income, excluding all grants and contributions.
Total Equity	The sum of common stock, paid in capital and <i>Retained Earnings</i> (non-regulated for-profits, banks and thrifts). <i>Total Equity</i> is also commonly known as <i>Net Worth</i> .
Total Equity Capital Available for Financing	<i>Total Equity Capital Available for Financing</i> is comprised of a non-profit organization's <i>Net Assets</i> that are permanently or temporarily restricted for lending or <i>Equity Investment</i> activities, and <i>Net Assets</i> that are unrestricted, that may be used, or are being used (e.g., loans receivable) to support lending or <i>Equity Investment</i> activities. If an organization owns its office building and equipment or has other non-financing assets these assets should not be included in <i>Total Equity Capital Available for Financing</i> . <i>Total Equity Capital Available for Financing</i> shall exclude all sources of debt capital.
Total Expenses	Total pre-tax expenses incurred during an annual period.
Total Liabilities	The sum of all liabilities of the organization.
Total Loans	The aggregate dollar amount of all loans outstanding held by a bank or thrift without giving effect to any allowance for the collectability thereof (i.e. before <i>Loan Loss Reserves</i> are calculated). <i>Total Loans</i> may also be referred to as <i>Gross Loans Receivable</i> or <i>Total Outstanding Loan Portfolio</i> .
Total Member Shares	The total dollar amount of member share accounts deposited in an organization that is an <i>Insured Credit Union</i> , as defined by the National Credit Union Administration.
Total Non-Member Shares	The total dollar amount of non-member share accounts deposited in an organization that is an <i>Insured Credit Union</i> , as defined by the National Credit Union Administration. Non-member shares are those deposits made into an <i>Insured Credit Union</i> by a depositor who is not a member nor eligible to be a member. A deposit may be in the form of a share, share certificate or share draft account.
Total Off-Balance Sheet Resources	Total dollar amount of loan or other financial resources committed by third party funders to support an organization's lending or <i>Equity Investment</i> activities (e.g., undrawn lines of credit), which are available to, but which have not been drawn upon or otherwise utilized by such organization. This measure excludes all grants or contributions committed by a third party funder to a non-profit organization, but not yet disbursed.
Total Outstanding Equity Investment Portfolio	The total dollar amount of <i>Equity Investments</i> held by an organization in portfolio companies in which it owns stock or other forms of ownership interest. <i>Total Outstanding Equity Investment Portfolio</i> should reflect the valuation of the organization's interests after making adjustments for any investment gains or losses.

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Total Outstanding Loan Portfolio	The total dollar amount of <i>Gross Loans Receivable</i> (or <i>Total Loans</i> in the case of banks or thrifts) as reported in an organization's statement of financial condition or balance sheet. <i>Gross Loans Receivable</i> are the principal amount of loans receivable held by an organization that represents the amount still owed the organization by its borrowers <u>without</u> giving effect to any allowance for the collectability thereof (i.e. before loan loss reserves are calculated). In the case of an <i>Insured Credit Union</i> , <i>Total Outstanding Loan Portfolio</i> has the same meaning as the dollar amount of Total Other Loans as reported in the National Credit Union Administration Form 5300.
Total Revenue	The sum of all revenue, including earned income, grants and contributions.
United States	The 50 states, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territories of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands.
Venture Capital Fund	An organization that invests funds in businesses, typically in the form of either <i>Equity Investments</i> or subordinated debt with equity features such as a revenue participation or warrants, and generally seeks to participate in the upside returns of such equity investments or equity features in an effort to at least partially offset the risk of investments.
Voting Securities	<p><i>Voting Securities</i> means shares of common or preferred stock, general or limited partnership shares or interests, or similar interests if the shares or interest, by statute, charter, or in any manner, entitle the holder: (1) To vote for or to select directors, trustees, or partners (or persons exercising similar functions of the issuing entity); or (2) To vote on or to direct the conduct of the operations or other significant policies of the issuing entity.</p> <p><i>Voting Securities</i> do not include common or preferred stock, limited partnership shares or interests, or similar interests where: (1) Any voting rights associated with such shares or interest are limited solely to the type customarily provided by statute with regard to matters that would significantly and adversely affect the rights or preference of the security or other interest, such as the issuance of additional amounts or classes of senior securities, the modification of the terms of the security or interest, the dissolution of the issuing entity, or the payment of dividends by the issuing entity when preferred dividends are in arrears; (2) The shares or interest represent an essentially passive investment or financing device and do not otherwise provide the holder with <i>Control</i> over the issuing entity; and (3) The shares or interest do not entitle the holder, by statute, charter, or in any manner, to select or to vote for the selection of directors, trustees, or partners (or persons exercising similar functions) of the issuing entity.</p>
