



Small Dollar Loan Program

FY 2024 Application Webinar

November 16, 2023

FY 2024 Small Dollar Loan Program Application Webinar



- Welcome to the FY 2024 Small Dollar Loan Program Application Webinar!
- As a reminder, please keep your lines muted and cameras turned off.

SDL Program Webinar Agenda



- SDL Program Staff
- CDFI Fund Overview
- SDL Program Overview
- SDL Program Application Overview
- Important Reminders & Deadlines
- Contact Information
- Questions

SDL Program Staff



- Eddie Tsibulevskiy, Program Manager
- Julie Sandler, Associate Program Manager
- Michael Fulton, Management and Program Analyst
- Amy Apitz, Management and Program Analyst

CDFI Fund Overview



OUR MISSION

The CDFI Fund's mission is to expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers.

Program Overview



- The SDL Program was created to help:
 - Certified Community Development Financial Institutions (CDFIs) expand consumer access to mainstream financial institutions and provide alternatives to high-cost small dollar loans; and
 - Unbanked and underbanked populations build credit, access affordable capital, and allow greater access into the mainstream financial system.
- Authorized by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

FY 2022 SDL Program Funding Round and Impact



In FY 2022, the most recent SDL funding round, the SDL Program awarded \$11.4 million to 66 Certified CDFIs headquartered in 23 states, the District of Columbia, Guam, and Puerto Rico. Three types of Certified CDFIs received awards:

- 34 credit unions receiving \$6.6 million;
- 22 loan funds received \$2.8 million; and
- 10 banks or bank holding companies received \$2 million.

17 awards totaling nearly \$3.7 million—or 32.8% of the total funds awarded—were made to CDFIs with headquarters in Persistent Poverty Counties, which exceeds the Congressional mandate of 10%.

Highlights for the FY 2024 Funding Round



- The FY 2024 SDL Program funding round is a double round. The funding amount will consist of \$9 million from the FY 2023 appropriations and the FY 2024 appropriations (amount to be determined).
- Minimum TA Award Amount increased from \$10,000 to \$20,000.
- Minimum Total Award Amount (LLR + TA) increased from \$30,000 to \$40,000.
- Applicants are required to submit the Title VI Compliance Worksheet (an online form).
- Applicants are only required to attach their financial statements or call reports for the two most recently completed fiscal years (instead of three years).

SDL Program Product Requirements



- Per the SDL Program statute (12 U.S.C. 4719), SDL Program grants may only be used to support new and existing small dollar loan programs that offer loans to consumers that:
 - are made in amounts of \$2,500 or less;
 - must be repaid in installments;
 - have no prepayment penalty;
 - have payments that are reported to a least one of the consumer reporting agencies that compiles and maintains files on consumers on a nationwide basis; and
 - are underwritten with standards that consider the consumer’s ability to repay.

Eligible Uses of Awards



- Awards must be used for:
 - Loan Loss Reserves (LLR) to cover losses on small dollar loans associated with starting a new small dollar loan program or to expand an existing small dollar loan program, or
 - Technical Assistance (TA) for technology, staff support, and other costs associated with establishing a new small dollar loan program or expanding an existing small dollar loan program.

Note: SDL Program grants cannot be used to provide direct loans to consumers.

Eligible Uses of Awards – Examples from Past Successful Applicants



- Attract additional capital to increase deployment. Because of the historic loss rates that occur with small dollar lending programs, many investors require at least a 15% reserve. (LLR Award)
- Increase its Loan Loss Reserves for a new small dollar loan product that is unsecured and available to borrowers with a lack of credit history or lower than average credit scores. (LLR Award)
- Track the impact outcomes of its small dollar lending program by assessing credit pulls at the time the Borrower applied for a loan and one year later. (TA Award)
- Partner with a technical services company to provide quick processing capabilities and a user-friendly interface for its small dollar lending program. (TA Award)

Award Amounts



The SDL Program has the following minimum and maximum award amounts:

- TA Award amount (range: \$20,000 - \$150,000).
- LLR Award amount - amount determined by request and projected small dollar lending (range: from \$20,000 and up to 20% of the Applicant's three-year Projected Total to be closed On-Balance Sheet Small Dollar Loans, not to exceed \$350,000).
- Combo Award amount- amount determined by request and projected small dollar lending (range: from \$40,000 and up to 20% of the Applicant's three-year Projected Total to be closed On-Balance Sheet Small Dollar Loans, not to exceed \$500,000).

Applicant Eligibility



- The SDL Program statute allows for three types of eligible Applicants:
 - Certified CDFIs; or
 - Partnerships between a Certified CDFI and any Federally Insured Depository Institution (FDI) with a primary mission to serve targeted Investment Areas; or
 - Partnerships between two or more Certified CDFIs.

Applicant Eligibility (continued)



- **501(c)4 Status:** An organization that engages in lobbying activities is not eligible to receive an SDL Program award.
- **Affiliates:** An Applicant must meet all eligibility requirements on its own behalf and not rely on a parent company or Affiliate. An Applicant that applies on behalf of another organization will be rejected without further consideration, other than Depository Institution Holding Companies.

Applicant Eligibility by Award Type



Eligible Applicants will be limited to the following types of Awards:

- For LLR grants
 - a Certified CDFI; or
 - a partnership between a Certified CDFI and a FIDI with a primary mission to serve targeted Investment Areas.
- For TA grants
 - a Certified CDFI; or
 - a partnership between two or more Certified CDFIs.
- For both an LLR grant and TA grant
 - a Certified CDFI

Prohibited Practices



SDL Program Awards will not be eligible for programs/products with the following lending practices and loan characteristics:

- High-rate loans
- Coerced automated loan payments
- Excessive number of refinancings
- Loan add-ons, e.g., credit insurance
- Security interests in household goods, vehicles, or deposit accounts
Exception: loans with a savings account component or credit builder loans
- Excessive late fees on missed loan payments
- Abusive overdraft practices
- Aggressive debt collection practices
- Forced arbitration clause, class action ban, and other bans on legal remedies

Program Priorities



The CDFI Fund will prioritize funding for Applicants that propose to offer small dollar loan programs that include any of the following characteristics to address the identified community needs and financing gaps:

- offer small dollar loan terms that are at least ninety (90) days;
- use underwriting that considers the borrower’s ability to repay a loan based on both the borrower's income and expenses;
- make loan decisions within one business day after receipt of required documents;

Program Priorities (continued)



- offer a reduction in the borrower’s loan rate if the borrower elects to use automatic debit payments;
- offer automatic savings features that are built into the regularly-scheduled payments on a loan – provided that the resulting payment is still affordable; and
- offer access to financial education/credit counseling.

Applicant Eligibility-Title VI of the Civil Rights Act



- All SDL Program Applicants are required to submit the Title VI Compliance Worksheet once annually to assist the CDFI Fund in determining whether Applicants are compliant with the Treasury regulations implementing Title VI of the Civil Rights Act (Title VI), set forth in 31 CFR Part 22.
- Title VI of the Civil Rights Act prohibits discrimination based on race, color, or national origin in programs or activities receiving federal financial assistance from the Department of the Treasury.
- This requirement also applies to Applicants' prospective sub-recipients that are not direct beneficiaries of federal financial assistance (e.g., Depository Institutions Holding Company and their Subsidiary Depository Institutions).
- The Title VI Compliance Worksheet is submitted via AMIS on an annual basis.
- The User Guide for the Title VI Compliance Worksheet can be found [here](#).

Application Overview



NOTE: If applying as a partnership, all Application questions and data supplied relate only to the designated lead Certified CDFI.

- Organizational Questions
- Executive Summary
- Part 1. Business Strategy and Community Impact:
 - Community Analysis and Financing Gaps
 - Proposed Use of SDL Program Award (LLR, TA , LLR & TA Combination)
 - Affordable and Responsible Loan Characteristics and Lending Practices and Expected Impact(s)
 - Description of Applicant’s Small Dollar and Other Short Term Unsecured Loan Products
 - Track Record and Projections

Application Overview (Continued)



Part 2. Organizational Capacity:

- Key Personnel
- Previous CDFI Fund Awards
- Financial Health
- Compliance Risk Evaluation

Completing Table 1 (Loan Products)



- The purpose of Table 1 is for the Applicant to provide information on its small dollar loan product(s). For example, an organization may describe small dollar loan products such as credit builder loans or emergency loans in this table.
- In the table, the Applicant will provide data for each small dollar loan product the Applicant offers, as well as any new products to be supported by an SDL Program Award.
- For products to be supported by the SDL Program Award, the Applicant should ensure the product meets the product standards and requirements as described in the FY 2024 SDL Program NOFA (e.g., loan size \$2,500 or less, reported to credit agencies, etc.)
- Applicants should first identify loan product(s) that will be supported by the SDL Program Award. If an Applicant has more than three loan products that will be supported by the SDL Program Award, it should identify loan product(s) it offers that are the most similar and relevant to the loan product that will be supported by the SDL Program Award.

Completing Table 2a (Track Record)



- Table 2a is focused on the Applicant's track record of providing small dollar loan products. The information should reflect ONLY the small dollar loans made by your organization. All data entered in Table 2a should be based on the date the small dollar loans closed.
- Please note that Table 2a should only include small dollar loans that meet the FY 2024 SDL Program NOFA criteria.
- The Average Loan Size (\$) for the three years must be \$2,500 or less. Applicants will encounter a validation error if the Average Loan Size exceeds \$2,500, and they will not be able to complete this table and submit the Application.

Completing Table 2b (Projections)



- Table 2b should only reflect projected closed loans that will be supported by the FY 2024 SDL Program Award.
- Data validations are in place to ensure that accurate data is entered in Table 2b. Applicants will not be able to complete this table and submit the Application with validation errors.

TA-Only Applicants

- The Average Loan Size (\$) for the three projected years must be \$2,500 or less.

LLR-Only Applicants & LLR and TA Applicants (Combo Applicants)

- The Average Loan Size (\$) for the three projected years must be \$2,500 or less.
- The average Loan Loss Reserves percentage for the three projected years must be 20% or less of the average Closed Loans amount.
- The Total Loan Loss Reserves Amount (the last row in the table) must equal the LLR Award Request Amount in Application Question 3a.

Application Submission



The CDFI Fund has a two-step process that requires the submission of Application documents on separate deadlines and different online systems.

- **Step 1:** The Standard Form-424 (SF-424) (submitted through Grants.gov). This form starts your Application and contains important fields about your organization's tax and payment information.
- **Step 2:** The SDL Program Application (submitted through AMIS). The SDL Program Application will ask for information about your organization, such as your organization's financial data; the small dollar loan products and development services you currently provide (if applicable); and your organization's objectives for your SDL Program Award. As part of the Application submission in AMIS, Applicants are required to submit the Title VI Compliance Worksheet.

Application Evaluation



The CDFI Fund will evaluate Applications based on the following:

- Application Assessment Tool Analysis
- Business Strategy and Community Impact Review
 - Community analysis and financing gaps
 - Proposed use of Award
 - Affordable and responsible loan characteristics
 - Track record
 - Growth and projections
- Organizational Capacity:
 - Key Personnel
 - Management of previous CDFI Fund Awards
 - Financial Health
 - Compliance Risk Evaluation

Applicants will receive a “Low Risk”, “Medium Risk” or “High Risk” score. Applicants that receive a score of “High Risk” will not receive further consideration for an Award.

Award Sizing



- Award sizes will be based on demand and the following factors:
 - Due diligence review.
 - The Applicant’s requested amount.
 - The Applicant’s three-year projected total small dollar loans to be closed.
 - Applicants with headquarters located in Persistent Poverty Counties (PPCs). The SDL Program is subject to the statutory 10% PPC requirement. Award sizes will be adjusted, if needed, to make Awards to Applicants located in PPCs.
 - The Applicant’s risk rating level.

Assistance Agreement, Compliance and Reporting



Each Applicant selected to receive an Award must enter into an Assistance Agreement with the CDFI Fund in order to become a Recipient and receive Payment. Each Small Dollar Loan Program Assistance Agreement has a three-year Period of Performance.

The Assistance Agreement will set forth certain required terms and conditions of the Small Dollar Loan Program Award, which will include, but not limited to:

- The amount of the Award;
- The approved Uses of the Award;
- Performance Goals and Measures (i.e., expected dollar volume and number of small dollar loans); and
- Reporting requirements for all Recipients.

Important Reminders



- **Application Submission:**

- Applicants must submit the Required Application Documents listed in Table 2 of the FY 2024 SDL Program Application Instructions.
- Applicants must submit their SF-424 in Grants.gov by November 20, 2023
- Applicants must submit their Application in AMIS by December 20, 2023.
- Applicants are only allowed one FY 2024 SDL Program Application submission in AMIS.
- The CDFI Fund encourages all Applicants to submit their Application at least three days prior to the AMIS Application deadline in case validation errors or technical issues arise.

Important Dates



Activity	Date
Application and NOFA Released	October 20, 2023
Part 1 – Grants.gov SF-424 Mandatory Deadline (11:59 p.m. ET)	November 20, 2023
Last Day to Register a user and update organization’s Employer Identification Number and Unique Entity Identifier number in AMIS (11:59 p.m. ET)	November 20, 2023
Last day to contact SDL Program and OCME staff with questions (5:00 p.m. ET)	December 18, 2023
Last day for IT Help Desk Questions (5:00 p.m. ET)	December 20, 2023
Last day to submit Title VI Compliance Worksheet submitted in AMIS for Applicants and sub-recipients (e.g., Depository Institutions Holding Company and their Subsidiary Depository Institutions (by 5:00 p.m. ET)	December 20, 2023
Part 2 – SDL Program Electronic Application in AMIS Deadline (by 5:00 p.m. ET)	December 20, 2023

Contact Information



Department	Phone	Electronic Contact Method	Description
SDL Program	202-653-0421 (option 3)	Submit a Service Request in AMIS (preferred) or email sdlp@cdfi.treas.gov	Questions regarding the SDL Program, Program Application or related materials.
Office of Compliance Monitoring and Evaluation (OCME)	202-653-0423	Submit a Service Request in AMIS (preferred) or email ccme@cdfi.treas.gov	Questions related to CDFI compliance.
Office of Certification Policy and Evaluation (OCPE)	202-653-0423	Submit a Service Request in AMIS (preferred) or email ccme@cdfi.treas.gov	Questions related to CDFI Certification.
IT Support (AMIS)	202-653-0422	Submit a Service Request in AMIS (preferred) or email AMIS@cdfi.treas.gov	Questions related to registering or creating an account in AMIS.
Grants.gov	800-518-4726	support@grants.gov	Questions related to the SF-424 submission process.
SAM.gov (Federal Service Desk)	866-606-8220	SAM.gov	Questions related to registering an organization in order to apply for Federal grants via Grants.gov.

Questions and Answers



...for participating in today's webinar!

We will now open the line for questions.