COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND EQUITABLE RECOVERY PROGRAM COMPLIANCE MONITORING FREQUENTLY ASKED QUESTIONS

This Compliance Monitoring Frequently Asked Questions (FAQ) document applies to Recipients of Community Development Financial Institutions Fund Equitable Recovery Program (CDFI ERP) Awards. All capitalized terms in the document are defined in the CDFI ERP Notice of Funding Availability (CDFI ERP NOFA), CDFI ERP Assistance Agreement, and/or CDFI ERP Application Instructions.

April 2024

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The Community Development Financial Institutions Fund (CDFI Fund) is publishing this Compliance Monitoring Frequently Asked Questions (FAQ) document to answer commonly asked compliance questions regarding the CDFI Equitable Recovery Program (CDFI ERP) Assistance Agreement. Recipients are strongly encouraged to review the CDFI ERP Assistance Agreement for specific details.

1. First-Time Recipients

1.1 Where do we find information and guidance for submitting reports in accordance with our CDFI ERP Assistance Agreement*?*

Answer: There are several helpful links to guidance documents on the CDFI ERP webpage in the Compliance Resources and Reporting section: https://www.cdfifund.gov/programs-training/programs/erp

1.2 Who should Recipients contact if a question is not addressed in this FAQ or the CDFI ERP guidance materials on the CDFI Fund website?

Answer: Please submit a Service Request via your organization's Awards Management Information Systems (AMIS) account. See CDFI Fund AMIS – Service Request Quick Reference Guide for more information about submitting a Service Request.

2. Certification

2.1 The Recipient wants to use the CDFI ERP Award to expand its current grant making program. Can grant making activity count as a Target Market-directed Financial Product for CDFI Certification purposes?

Answer: No. Grants are not included in the definition of Financial Products as a CDFI ERP Eligible Activity Furthermore, the CDFI Fund does not allow grant making activity to count towards Financial Products or Financing-Related Activities in connection with the CDFI Certification Financing Entity requirements, unless otherwise specified in the CDFI Certification guidance. CDFI ERP Award Recipients must continue to meet CDFI Certification requirements by serving their approved Target Market(s) using approved Financial Products and Financial Services as defined by the CDFI Fund.

2.2 The Recipient will use the CDFI ERP Award to expand its current grant making program. What effect will it have on the organization's CDFI Certification status?

Answer: Depending on the amount of grant making conducted, the expansion of grant making activity may impact an organization's ability to meet the CDFI Certification Financing Entity criterion related to its predominant business activity. The Financing Entity criterion dictates that a Certified CDFI must dedicate the predominance of both its assets and its staff time to the direct provision of Financial Products and/or Financial Services. Predominance does not require a majority but occurs when the amount in assets and staff time dedicated to Financial Products/Financial Services is the greatest as compared to all other amounts of assets and staff time dedicated to other uses. Grant making activity typically cannot be counted towards meeting the CDFI Certification Financing Entity predominance requirement. However, under the revised CDFI Certification

policies, for grant making supported with CDFI ERP Award only, the CDFI Fund will allow assets and staff time dedicated to such grant making activities to be disregarded for the purposes of the CDFI Certification Financing Entity predominance requirements.

CDFI ERP Award Recipients must continue to meet all other CDFI Certification requirements based on its non-grant-making activity, including the 60% Target Market activity requirement. Additionally, please be aware that a forgivable loan, even if made under the CDFI ERP, may only count towards a CDFI's Target Market if it requires at least one payment within 12 months of the loan's closing date, unless it has been pre-approved by the Office of Certification Policy and Evaluation.

Certified CDFIs must continue to track and report changes impacting their ability to meet the Financing Entity requirement and all other CDFI Certification requirements through the Annual Certification and Data Collection Report (ACR).

2.3 The Recipient is applying for CDFI Certification/Recertification on or before December 20, 2024. Should the Recipient submit ERP transactions as part of its Certification Application and which TLR form should be used (abbreviated TLR vs full-length TLR)?

Answer: Although CDFI ERP Recipients' first TLR submission due date for their CDFI ERP Award (as indicated in the Reporting Schedule) may not be until October 31, 2024, or later, the current Certification Application requires submission of TLR data on all originations for the most recent fiscal year completed before the Certification Application's submission date. Depending on when a CDFI ERP Recipient's fiscal year ends, the most recent fiscal year completed may contain transactions that were originated on or after April 10, 2023, which is the beginning of the Period of Performance for CDFI ERP Recipients. Therefore, any transactions originated in 2023, intended to count toward CDFI ERP compliance requirements should be included in any 2023 transaction-level reporting (along with all other 2023 transactions). All CDFI ERP Recipients must use the full-length TLR (as opposed to the abbreviated TLR) to report on their 2023 transactions.

Please note that even though the current version of the full-length TLR forms and templates do not yet contain all of the demographic variables that will be required for ERP transactions (see Question 8.3 below for guidance), CDFIs will be required to submit data on these supplemental variables for any 2023 CDFI ERP transactions at a later date (guidance forthcoming). Recipients should be aware that any 2023 transactions tagged as "ERP" under the FA Program Type variable in the full-length TLR, as well as any other transactions supported by CDFI ERP and reported in CDFI ERP compliance reports, will require additional demographic data points that will be solicited by the CDFI Fund in subsequent reporting.

3. Subsequent Payments

3.1 If the Recipient expends 90% of the initial payment, does it need to wait until Year 2 of the Period of Performance to submit a subsequent payment request?

Answer: Subsequent Payment Requests can be submitted prior to Year 2 of the Period of Performance provided the Recipient has expended 90% of its initial payment.

4. Early Closeout

4.1 Can a Recipient request early closeout of its CDFI ERP Award?

Answer: It is anticipated that Recipients will be able to request early closeout of a CDFI ERP Award no earlier than after Year 3 of the Period of Performance if the Recipient has met all the following criteria:

1. *Achieved all Performance Goals;*
2. *Expended all of the CDFI ERP Award on Eligible Activities; and*
3. *Submitted all required compliance reports in accordance with the Assistance Agreement.*

Additional details regarding the reporting requirements will be forthcoming.

5. Tracking the Use of a CDFI ERP Award and Advance Payments

5.1 Is the Recipient required to deposit CDFI ERP Award payments in an interest-bearing account?

Answer: Recipients that are Institutions of Higher Education, Hospitals, Other Non-Profits, State, local, or federally recognized Indian Tribal Governments should refer to 2 C.F.R. § 200.305(b)(7) of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ("Uniform Administrative Requirements" or "UAR") for additional guidance on proper treatment of Advance Payments, including whether Advance Payments need to be held in interest bearing accounts.

5.2 When must interest income be remitted to the federal government and how is this done?

Answer: The requirement to allocate the CDFI ERP Award is set out in Schedule 1 of the Assistance Agreement, and tracking the use of the Award is discussed in Section 5.10 of the Assistance Agreement. ("Tracking Use of CDFI ERP Award and Advance Payments"). The Department of Health and Human Services manages the remittance of interest income. See 2 C.F.R. § 200.305 of the UAR for more information.

5.3 Do we have to report reinvestment/re-expenditure activity as part of our CDFI ERP reporting requirements?

Answer: CDFI ERP reporting will not collect specific data on use of Program Income. However, please be aware that, per the CDFI ERP Assistance Agreement, any Program Income derived by the Recipient from the CDFI ERP Award provided under the terms of the Assistance Agreement shall be used by the Recipient for Authorized CDFI ERP Eligible Activities pursuant to Programmatic Requirement 2A of Schedule 1.

Additionally, during the CDFI ERP Period of Performance, the Recipient will be required to submit a Transaction Level Report (TLR). A Recipient is expected to report on all of their transactions in the TLR including grant activity regardless of whether the transaction is directly tied to their CDFI Fund Award.

5.4 Would immediately segregating CDFI ERP Award funds in a separate bank account to allocate those funds towards CDFI ERP Eligible Activities satisfy the requirements of "expended" so that interest remittance would not be required?

Answer: No. CDFI ERP Award funds are considered expended once a Recipient specifically allocates them to one of the thirteen Eligible Activities set forth in the CDFI ERP Assistance Agreement.

For example, consider the Eligible Activity category of Loan Loss Reserves. Once a Recipient allocates part or all of its CDFI ERP Award to Loan Loss Reserves, those funds are considered fully "expended" for purposes of CDFI Fund reporting. In other words, Recipients are not required to wait until the allocated funds are used to cover an actual loan loss to consider them "expended" for CDFI Fund reporting purposes.

In the case of a Financial Product or Grant, CDFI ERP Award funds are considered expended when a Recipient has closed on a transaction and allocated the funds to cover future disbursements, even if the Financial Product or Grant will be disbursed over a period of time.

5.5 How do we report revenue for a business that has been recently acquired by the borrower prior to the borrower applying for the loan funded with the CDFI ERP Award?

Answer: To the extent that the Recipient reviewed the annual revenue from the acquired business as part of underwriting the business loan to the borrower (i.e., new owner of that business), the Recipient should report the investee's or borrower's annual gross revenue during the most recent 12-month period prior to the origination of the loan or investment for which the information became available. This amount would be the total gross revenue before tax, depreciation, trading loss, and other expenses and it should be a positive number. However, if there is no reportable revenue or this is not applicable (e. g. new or start up business), enter zero in the required field.

5.6 When do the CDFI ERP Awards become unrestricted?

Answer: Recipients should consult with their accounting advisors regarding the treatment of the CDFI ERP Award in their financial statements. Typically, CDFI ERP Awards retain their federal character until the end of the Period of Performance.

6. Eligible Uses of a CDFI ERP Award

6.1 In the Application, the Recipient proposed using the CDFI ERP Award for Grants, loans, and Capital Reserves for Programmatic Activities, as well as Operational Support Activities. Given that the size of the Award is significantly lower than the amount requested, may the Recipient use the CDFI ERP Award for only one or two of the authorized CDFI ERP Eligible Activities proposed in the Application?

Answer: Yes, transferring CDFI ERP Award amounts between Eligible Activities can be done without submitting an amendment request to the CDFI Fund. Recipients can also use their CDFI ERP Award for different Eligible Activities than those proposed in your Application without an amendment.

6.2 Is it an allowable use of a CDFI ERP Award to pay for the entire salary/benefit expense for a newly created or existing position to increase the Recipient's capacity to make loans (versus submitting a portion of the expense based on the number of CDFI ERP-funded loans)?

Answer: Operational Support Activities, including compensation and benefits, are authorized CDFI ERP Eligible Activities as listed in Schedule 1, Section C of the CDFI ERP Assistance Agreement.

CDFI ERP Awards may be used to cover all remuneration, paid currently, or accrued, for services of Recipients' employees rendered during the Period of Performance under the CDFI ERP Assistance Agreement in accordance with 2 C.F.R. § 200.430 of the UAR. Any work performed directly, but unrelated to accomplishing the Program Activities under the Recipient's CDFI ERP Award, may not be paid as Compensation using a CDFI ERP Award. Therefore, any salary paid to increase a Recipient's capacity to make loans would be covered only to the extent that those loans are included in the Program Activities of the Recipient's CDFI ERP Award.

Recipients should also refer to Section 2A of the Assistance Agreement in the CDFI ERP Programmatic Requirements table to determine the authorized amount of the CDFI ERP Award to be used for Operational Support Activities.

6.3 Can a Recipient use the CDFI ERP Award to cover the entire expense incurred for staff members to attend general industry conferences?

Answer: In certain circumstances, yes. Both Travel Costs and Training and Education Costs are allowable uses of the portion of the CDFI ERP Award used for Operational Support Activities, subject to the restrictions set forth in the Assistance Agreement. Any CDFI ERP Award expended on Operational Support Activities must enable CDFIs to build organizational capacity and acquire technology, staff, and other tools necessary to accomplish the Program Activities under the CDFI ERP Award. The Assistance Agreement defines eligible Training and Education Costs to mean "the costs of training and education provided by the Recipient for employees' development in accordance with 2 C.F.R. § 200.473 of the Uniform Requirements." Eligible travel costs are defined as "Travel Costs shall mean costs of transportation, lodging, subsistence, and related items incurred by the Recipient's employees who are on travel status on business related to the CDFI ERP Award in accordance with 2 C.F.R. § 200.475 of the Uniform Requirements."

7. Award Restrictions

7.1 Can a Recipient use a CDFI ERP Award alongside other CDFI Fund program awards?

Answer: Each CDFI Fund program has restrictions on the eligible use of funds related to other programs. Please see the relevant Agreements for each specific CDFI Fund program for additional information. With respect to CDFI ERP, section 3.11(c) of the CDFI ERP Assistance Agreement states, "CDFI ERP Award funds expended to satisfy the CDFI ERP Program Performance Goals and Measures shall not also be used by the Recipient to satisfy Performance Goals and Measures of other CDFI Fund programs."

7.2 How will a CDFI ERP Award impact a Recipient's ability to meet its CDFI and NACA Program Financial Assistance (FA) Award Objectives if the Recipient is participating in both programs?

Answer: The Recipient may not count any of its CDFI ERP Award activities towards meeting its FA Objectives.

8. Required Data Collection

8.1 What types of demographic data are CDFI ERP Recipients required to report?

Answer: Recipients are required to report demographic data pertaining to borrowers, investees and/or grantees as part of their reporting requirements. Recipients are required to collect and report data on the race based on the following categories: (1) American Indian; (2) Alaskan Native; (3) Asian; (4) Black or African American; (5) Native Hawaiian; (6) Other Pacific Islander; (7) White; (8) Multi-Racial; or (9) Other (please specify). Recipients are also required to collect and report data on ethnicity based on the following category: (1) Hispanic or Latino; or (2) Not Hispanic or Latino. Section 523(d) of Authorizing Statute allows a CDFI that receives an CDFI ERP Award to collect such data, notwithstanding any limitations by the Equal Credit Opportunity Act (15 U.S.C. 1691, et seq.) and without any adverse action related to that collection by the Bureau of Consumer Financial Protection.

In addition to data on individuals, the Recipient will be required to collect and report whether business or non-profit borrowers, investees or grantees are Minority-owned or Controlled. For loans to real estate projects, the Recipient will be required to disclose if the owner of the real estate project is a Minority-owned or Controlled entity. Recipients are instructed to collect race and ethnicity data on the individual owners/board members of these entities to make determinations about Minority-owned control. The collection and reporting of demographic data on the predominant ownership of Minority-owned or Controlled businesses may also be required.

8.2 Will CDFI ERP Recipients be required to report demographic data on end users?

Demographic data on end users of projects supported with CDFI ERP activities (e.g., the residents or beneficiaries of a project that are not direct borrowers) will not be a reporting requirement of the CDFI ERP. However, Recipients who serve an Other Targeted Populations (OTP) Target Market may be required to report demographic data on end users based on the new CDFI Certification standards. Note, CDFI intermediaries (i.e., CDFIs that lend to or invest in other CDFIs) may still be required to collect demographic data on the borrowers, investees and grantees that received loans as a result of their investment in another CDFI.

8.3 How should CDFI ERP Recipients collect demographic data to meet CDFI ERP reporting requirements?

Answer: The CDFI Fund recommends that demographic data be collected via borrower, investee or grantee self-identification. However, the CDFI Fund will allow alternative methods for the collection of demographic data from borrowers, investees and grantees for the purposes of, and consistent with the requirements for, compliance with Home Mortgage Disclosure Act or HMDA (restricted to HMDA-reportable transactions such as mortgages) or the OTP verification guidance under the revised CDFI Fund Certification standards. Outside of these exceptions, if a borrower, investee or grantee does not self-report demographic data, Recipients should not use any proxy methods, such as visual observation, surname analysis or Bayesian Improved Surname Geocoding (BISG) analysis, to assign demographic data values to individual Financial Product and/or Grant transactions.

For more information on the Home Mortgage Disclosure Act click here.

8.4 Are CDFI ERP Recipients required to report on demographic data for all of their CDFI Fund award activities or only those supported with their CDFI ERP Award?

Answer: CDFI ERP Award Recipients will be required to collect and report demographic data for all Financial Products and Grants funded with a CDFI ERP Award. Additionally, to the extent CDFI ERP Award Recipients make Financial Products and Grants funded with other available sources on their balance sheet to meet their CDFI ERP Performance Goals under their CDFI ERP Assistance Agreement, Recipients will be required to collect and report demographic data on those borrowers, investees, and grantees as well. Recipients will be also required to collect and report this data on all Financial Products and/or Grants supported by a Loan Loss Reserve or Capital Reserve funded with a CDFI ERP Award, including for all recipients of loans, investments, and grants supported by these reserves. Demographic reporting is not required for Development Services or Financial Services; however, the CDFI Fund encourages Recipients to track this data for themselves, if feasible.

8.5 What should the CDFI ERP Recipient report if a borrower declines to provide the requested demographic data?

Answer: If a borrower declines to provide the requested demographic data, the Recipient will have an option to report "Borrower did not provide." However, if the Recipient wants to count a Financial Product or Grant toward the achievement of the policy priority for investing in Minority individuals or Minority owned Businesses, the Recipient must report the race or ethnicity of the borrower, business or non-profit on those transactions. Please note that if your report to the CDFI Fund of demographic data contains a high incidence of "Borrower did not provide," the CDFI Fund reserves the right to conduct follow up compliance monitoring to assess whether the Recipient has a clear strategy and procedures in place to collect the required demographic data. Failure to implement appropriate procedures to support data collection may be deemed noncompliant with the applicable requirements in the Assistance Agreement.

8.6 Can the Recipient report Financial Products and/or Grants for its CDFI ERP Award if it did not collect demographic data on the transactions?

Answer: CDFI ERP Award Recipients are required to collect and report demographic data for all Financial Products and Grants funded as part of their CDFI ERP activities. This includes any Financial Products and Grants funded directly with the CDFI ERP Award, as well as any Financial Products and Grants that are used to meet the Recipient's Policy Priority Performance Goal. Transactions for which the Recipient did not collect demographic data may not be funded directly with the CDFI ERP Award or used to meet the Recipient's Policy Priority Performance Goal. If the borrower did not provide the data, as outlined FAQ 8.5, the Recipient may still report the transaction, as long as the Recipient has a clear strategy and procedures in place to collect the required data.

9. Geographic Data

9.1 Are 2010 census tracts being used for CDFI ERP-Eligible Geographies or will there be a transition to 2020 census tracts*?*

Answer: CDFI ERP-Eligible Geographies are based on 2010 Census Tracts and data. The CDFI Fund cannot transition the CDFI ERP-Eligible Geographies data set to the 2020 Census Tracts because the tract level data on the impact of COVID-19 is not available for 2020 Census tracts. During the Period of Performance, Recipients will report on activities performed in CDFI ERP-Eligible Geographies as designated and published by the CDFI Fund concurrent with the release of the FY 2022 CDFI ERP NOFA. Please refer to "CDFI ERP List of Eligible Geographies" available at [CDFI Equitable Recovery Program | Community Development Financial Institutions Fund (cdfifund.gov)](#) *for additional information. You may also access the CDFI Information Mapping System (CIMS) for geocoding addresses, mapping census tracts and counties, and determining the eligibility of census tracts here:* [CDFI Information Mapping System (CIMS) | Community Development Financial Institutions Fund (cdfifund.gov)](#)*.*

Transactions reported in the TLR require different types of address information, depending on the investee type. For CDFI ERP TLR transactions that require a FIPS code, ERP Recipients should geocode the associated addresses to 2010 census tract boundaries in order to produce a 2010 FIPS code.

9.2 Which address should the Recipient use to determine if a business or project is in a CDFI ERP-Eligible Geography?

Answer: CDFI ERP Award Recipients are required to collect and report demographic data only for Financial Products and Grants funded as CDFI ERP activities. This includes any Financial Products and Grants funded directly with CDFI ERP Award, as well as any Financial Products and Grants that are used to meet their PG&M 1B. To determine whether a particular transaction is in a CDFI ERP-Eligible Geography, Recipients must use the address of the transaction or project location at the time the Financial Product was originated, or the Grant was awarded.

9.3 If a Recipient is offering a line of credit or a working capital loan to an affordable housing developer to support their operations, rather than a specific affordable housing project, which address should be used to determine if the Eligible Activity is in a CDFI ERP-Eligible Geography?

Answer: If the Recipient is providing a Financial Product (ex. line of credit or working capital loan) to a developer to support the developer's operations rather than a specific project, the Recipient should use the address of the developer's headquarters to determine if it is in a CDFI ERP-Eligible Geography.

9.4 Do all CDFI ERP investments need to be made in my Target Market or in CDFI Investment Areas? If making an investment in a CDFI ERP-Eligible Geography that is not located in a CDFI Investment Area, will the CDFI Fund grant an exception to count this investment as a CDFI ERP Eligible Activity?

Answer: The CDFI ERP does not have metrics in its Assistance Agreement related to activity in Investment Areas or Target Markets, only requirements related to CDFI ERP-Eligible Geographies. Per Section 3.8 of the Assistance Agreement, Recipients must expend at least 90% of the CDFI ERP Award used for Program Activities in CDFI ERP-Eligible Geographies. However, Recipients can expend up to 10% of any CDFI ERP Award used for Program Activities on projects/businesses/individuals located/residing outside of CDFI ERP-Eligible Geographies. Those expenditures must serve Low- or Moderate-Income persons and businesses (including non-profit organizations) disproportionately impacted by the COVID-19 pandemic that are included in Eligible Markets and be generally consistent with the Recipient's CDFI ERP Application.

The geographic requirements for loans and investments made under the CDFI ERP are separate from requirements related to your CDFI Certification. Please be aware that investments and loans made in ERP Eligible Geographies but outside your approved Target Market will not be counted as Target Market Activities for CDFI Certification purposes.

10. Reporting

10.1 How are CDFI ERP compliance and monitoring reports submitted?

Answer: Reporting is completed through the AMIS platform. For more information on how to complete the required reports for CDFI ERP, please review the AMIS user guides available here: [CDFI Equitable Recovery Program | Community Development Financial Institutions Fund (cdfifund.gov)](.).

10.2 What are the CDFI ERP compliance reports Recipients must submit and when are they due?

Answer: Recipients are required to submit several reports to the CDFI Fund as detailed in Schedule 1A & 1B of the Assistance Agreement. Below is a list of the required reports:
- *Performance Progress Report*
- *Uses of Award Report*
- *Financial Statement Audit Report (if applicable)*
- *Transaction Level Report*
- *Annual Certification and Data Collection Report*
- *Single Audit Report (if applicable)*
- *Federal Financial Report/OMB Standard Form 425*

To locate reporting deadlines for your CDFI ERP Award, access the Reporting Schedule in AMIS:

1. *Log into AMIS: https://amis.cdfifund.gov/s/AMISHome*
2. *Click on the Reporting Schedule tab.*
3. *To view all reports, choose ALL in the dropdown menu. Click on GO. A list of compliance reports that are due is displayed.*

Reporting schedules for each Recipient can also be located on Schedule 1B of the Assistance Agreement. All report due dates are based on the Recipient's fiscal year end date. The AMIS ACR Reporting Schedule displays the due date for the ACR based on the organization's fiscal year end, unless directed otherwise by the CDFI Fund. The ACR Reporting Schedule Section is located at the bottom of the Certification Related page in AMIS. Additional information on the AMIS Reporting Schedule can be found in the AMIS Training Manual – Annual Certification and Data Collection Report available on the CDFI Fund's website.

10.3 In the case of a CDFI ERP Recipient that has other CDFI Fund awards that require a TLR submission on or before June 30, 2024, should it report its 2023 CDFI ERP-tagged transactions in the TLR submission for the other CDFI Fund award(s)?

Answer: Yes, despite earlier released guidance stating that ERP transactions should not be reported until the end of CDFI ERP Year 1 Period of Performance, CDFI ERP Recipients should report their 2023 CDFI ERP-tagged transactions in the TLR submission for the other CDFI Fund award(s). Because the Certification Application needs a full picture of annual financial product activity, CDFIs should not omit CDFI ERP transactions from their FY2023 TLR submission. However, if CDFIs tag any transactions as CDFI ERP or plan to use any FY2023 consumer loan transactions towards CDFI ERP activities, they should be prepared to provide supplemental ERP-specific data points in subsequent reporting at the end of the CDFI ERP Year 1 Period of Performance. All CDFI ERP Recipients must use the full-length TLR (as opposed to the abbreviated TLR) to report on their 2023 transactions.

Please note that even though the current version of the full-length TLR forms and templates do not yet contain all of the demographic variables that will be required for ERP transactions (see Question 8.3 above for guidance), CDFIs will be required to submit data on these supplemental variables for any 2023 CDFI ERP transactions in subsequent CDFI ERP reporting (guidance forthcoming). Recipients should be aware that any 2023 transactions tagged as "ERP" under the FA Program Type variable in the full-length TLR, as well as any other transactions supported by CDFI ERP and reported in CDFI ERP compliance reports will require additional demographic data points that will be solicited by the CDFI Fund at a later date.

10.4 In the full-length TLR, the "FA Program Type" data field includes "ERP" as an answer choice, but the TLR guidance states, "ERP Awardees should not report on ERP loans/investments originated during the Year 0 Period of Performance until their Year 1 Reporting Deadline." Has this changed?

Answer: Yes, the guidance has changed. The changes will be reflected in a subsequent version of the full-length TLR data point guidance. ERP transactions for FY2023 should be tagged in the full-length TLR. All CDFI ERP Award recipients, even if CDFI ERP is their only active award, should submit a full-length TLR instead of an abbreviated TLR ahead of the December 20, 2024, Certification Application deadline which is the date by which all currently Certified CDFIs are required to apply for recertification as a Certified CDFI.

10.5 If a Recipient received both a CDFI-FA Award and a CDFI ERP Award and makes two separate transactions using both awards to finance the same project (*e.g.*, a grant and a loan, or senior debt and subordinate debt), can these transactions be allocated separately to CDFI ERP and CDFI-FA Awards when reporting if they go to the same project?

Answer: Yes. If a CDFI ERP Recipient funds a single project using a CDFI-FA Award and a CDFI ERP Award, each transaction must be reported separately in the TLR, and each funding amount must be allocated to each program, respectively (e.g., $XXX for CDFI ERP and $YY for CDFI-FA).

However, in accordance with Section 3.11(c) of the CDFI ERP Assistance Agreement, a CDFI ERP Award used to satisfy the CDFI ERP PG&Ms may not be used to satisfy PG&Ms for CDFI and NACA programs.

10.6 Are Federal Single Audits required for CDFI ERP Recipients?

Answer: A nonprofit Recipient must complete an annual Single Audit pursuant to 2 C.F.R. § 200.500 of the UAR if it expends $750,000 or more in Federal awards in its fiscal year or such other dollar threshold established by OMB pursuant to 2 C.F.R. § 200.500. If a Single Audit is required, it must be submitted electronically to the [Federal Audit Clearinghouse](#)*. Recipients are also encouraged to submit it via AMIS, following the instructions in the AMIS guides for CDFI ERP compliance reporting available on the CDFI Fund website. Find these guides and other CDFI ERP compliance resources* [here](#)*.*

10.7 What happens when a Recipient does not achieve its Performance Goal and Measures (PG&Ms) in its Performance Reports?

Answer: In the event a Recipient fails to meet any of the PG&Ms, the Recipient is deemed noncompliant. Subsequently, the CDFI Fund will issue a notice of noncompliance letter, giving the Recipient time to cure, prior to sanctions being possibly imposed. If the Recipient cures the noncompliance within the given timeframe, the CDFI Fund will issue a Noncompliant No Sanctions (NCNS) letter. Upon receipt of the NCNS letter, the Recipient maintains a NCNS status for the CDFI ERP Award until the next reporting period when a determination will be made whether the status remains or should be removed. Notably, an NCNS compliance status is equivalent to Noncompliance Not in Default (NCND) status within AMIS.

If the Recipient fails to resolve the noncompliance within the cure period, the CDFI Fund will confirm the noncompliance status and sanctions may be imposed, including but not limited to:
1. *De-obligating the remaining CDFI ERP Award;*
2. *Terminating the Assistance Agreement; and/or*
3. *Barring the Recipient from applying for or receiving any awards from the CDFI Fund under any of its programs for two (2) years.*

10.8 How are my benchmarks for Year 3 calculated for Performance Goal 1B (CDFI ERP Policy Priorities)? Is it a percentage or a dollar amount?

Answer: The Year 3 benchmark is not a percentage of the total ERP Award, rather the Year 3 benchmark is calculated by applying the percentage listed in Schedule 1 to the dollar amount of the ERP Award expended by

the Recipient at the end Year 3. Note, the Recipient may satisfy this goal using the CDFI ERP Award or other available funds on its balance sheet.

As an example, an organization received a $5,000,000 CDFI ERP Award and committed to spending 100% on the policy priority of small businesses, with 80% going to category "i" businesses (between $1,000,000 and $100,000 in revenue) and 20% going to category "ii" businesses ($100,000 or less in revenue). The end of Year 3 of the Period of Performance is the first time the organization is measured on achieving these goals. Assume this organization has expended $4 million total of the CDFI ERP Award by the end of Year 3. In this case the organization would be measured against whether it made at least $3.2 million (80% x $4 million) in loans to category "i" businesses and at least $800,000 (20% x $4 million) in loans to category "ii" businesses. If the organization had expended its full $5 million CDFI ERP Award by the end of Year 3, the Year 3 benchmarks would be $4 million (80% x $5 million) and $1 million (20% x $5 million), respectively. These loans could be funded by the CDFI ERP Award, by other funds off the organization's balance sheet, or a combination of both.

As a second example, an organization receives a $1 million award and their Performance Goal 1 B is to provide Financial Products and/or Grants in the designated dollar amount in Persistent Poverty Counties, Native Areas and/or U.S. Territories. Their Year 3 benchmark is 100% and their Year 5 benchmark is $1 million. If the organization expends $700,000 in of their CDFI ERP Award funds by the end of Year 3, then they need to demonstrate that they have provided Financial Products and/or Grants totaling $700,000 (100% x $700,000) in Persistent Poverty Counties, Native Areas and/or U.S. Territories by the end of Year 3 of their Performance Period. These Financial Products and/or Grants could be funded by the CDFI ERP Award, by other funds off the organization's balance sheet, or a combination of both.

11. Amendments

11.1 Under what circumstances are Amendments to the CDFI ERP Assistance Agreement allowed?

Answer: In accordance with Section 7.9 of the CDFI ERP Assistance Agreement, a Recipient may request an amendment after its Assistance Agreement has been executed. Amendment requests must be submitted via a Service Request in AMIS with all required documentation and justification no later than 60 days prior to the proposed effective date of the amendment.

*The CDFI Fund will approve amendment requests on a limited basis at its own discretion. Recipients should **not** assume that any amendment requests will be approved.*

12. Buy American

12.1 Does the Buy American provision listed in CDFI ERP Assistance Agreement apply to Recipients?

Answer: In accordance with Section 5.11 of the CDFI ERP Assistance Agreement, the Recipient and any Subrecipient must comply with the Buy American Act, 41 U.S.C. §§ 8301-8303 (as amended from time to time), which includes a requirement that all unmanufactured articles, materials, and supplies purchased with any CDFI ERP Award be mined or produced in the United States, and that all manufactured articles, materials, and supplies purchased with any CDFI ERP Award be manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured in the United States. A Recipient or Subrecipient may request in writing a waiver from the CDFI Fund via a Service Request through its AMIS account from the requirements of the Buy American Act if its application would be inconsistent with the public interest or the cost would be unreasonable. The Buy American provision is not applicable to Recipients who are making loans and not purchasing or procuring goods, supplies or materials.

13. Material Events

13.1 When should a CDFI ERP Recipient submit a Certification of Material Events Form?

Answer: CDFI ERP Recipients are required to submit a Material Events form (including all supporting documentation) within 30 days of the occurrence of a material event or as specified in their Assistance Agreements.

In accordance with Section 5.9 the CDFI ERP Assistance Agreement, your organization is required to advise the CDFI Fund of an occurrence of a Material Event, which should be submitted via a Service Request initiated in your organization's AMIS account. Please refer to the Compliance Resources and Reporting section of the CDFI ERP page on the CDFI Fund to access updated guidance documents for submitting the Certification of Material Events Form. CDFI Equitable Recovery Program | Community Development Financial Institutions Fund (cdfifund.gov)

13.2 When and how must the Recipient notify the CDFI Fund of changes to key personnel?

Answer: Section 7.19 of the CDFI ERP Assistance Agreement indicates which changes to key personnel the Recipient must report to the CDFI Fund. The CDFI Fund must be notified if the Recipient replaces its Executive Director, Chief Financial Officer, the Board Chairperson, or equivalent leadership official, as well as any other officials identified in the Recipient's Assistance Agreement. Notification should be submitted via a Service Request initiated in your organization's AMIS account.