



POST AWARD POLICY AND COMPLIANCE MANUAL

Capital Magnet Fund (CMF) Program

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CDFI FUND
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Introduction

The purpose of the Capital Magnet Fund (CMF) Post Award Policy and Compliance Manual (Manual) is to provide Award Recipients a resource guide to CMF policies and compliance requirements.

The Manual reflects the overarching statutory directives of the Housing and Economic Recovery Act of 2008 ([Public Law 110-289, section 1131](#)) which established CMF; the regulatory requirements of the [CMF Interim Rule](#) (12 CFR Part 1807, effective June 25, 2024); the former CMF Interim Rule (February 8, 2016); and the mission and vision of the CDFI Fund. The Manual details key policy related to the CMF program and is supplemented through additional guidance and information found in the CMF Frequently Asked Questions (FAQs) and the CDFI Fund's other compliance and application materials on the CDFI Fund's website. The current version of the CMF Frequently Asked Questions (FAQs) can be found under the header "General Compliance Resources" on the [CMF Step 5: Compliance Resources and Reporting](#) page. The CDFI Fund will update the Manual and its other program materials on a periodic basis to inform Recipients about program policies and requirements.

The Manual does not provide detailed instructions on how to complete reporting requirements in the CDFI Fund's Award Management Information System (AMIS). The "AMIS – CMF Compliance Guide for All Award Years" details how to report information in AMIS, and is also available under the header "General Compliance Resources" on the [CMF Step 5: Compliance Resources and Reporting](#) page.

How to use the CMF Post Award Policy and Compliance Manual

The Manual is a compilation of policy and compliance topic areas. Each topic contains a source statement, description, and related policy details. Key citations from the Interim Rule (effective June 25, 2024) or other key hyperlinks are provided, along with high-level instructions related to maintaining compliance with each policy.

Note that capitalized terms used in this Manual, but not defined herein, have the respective meanings assigned to them in the CMF Interim Rule (effective June 25, 2024), the Application, the Assistance Agreement, or the UAR.

Each policy and compliance topic area are identified as either: a) an Award-level requirement; or b) a Project-level requirement.

Award-level requirements.

Award-level requirements apply to the Award Recipient's use of the entire Award. Examples of *Award-level requirements* include making a commitment of the Award to one or more Eligible Use(s); meeting the minimum leverage threshold of 10 times the Award amount; and meeting the Investment Period End Date of the Award when all Projects must be Completed.

Project-level requirements

Project-level requirements apply to individual Projects. Examples of *Project-level requirements* include examples such as Project Commitment(s); tenant income determination; and the



requirement that 20% of each Multi-family Project be rent-restricted to any combination of Low-Income, Very Low-Income, or Extremely Low-Income Families.

Note: In some cases, a policy may have both Award-level and Project-level requirements. The different Award-level and Project-level requirements are detailed in these sections accordingly.

Implementation of CMF Interim Rule (effective June 25, 2024)

Section § 1807.107(a) of the Interim Rule (effective June 25, 2024) states: “The regulations of this part are applicable for all uncommitted funds from prior CMF Awards issued as of June 25, 2024, as well as all CMF Awards made pursuant to all Notices of Funds Availability published after June 25, 2024.”

Uncommitted funds are CMF Awards that the CDFI Fund did not award to Recipients before June 25, 2024. These uncommitted funds are governed by the revised Interim Rule effective June 25, 2024, and their corresponding Assistance Agreements. CMF Funds awarded before June 25, 2024 (i.e., FY 2016 to FY 2023 Awards) are governed by the February 8, 2016 Interim Rule, and their corresponding Assistance Agreements.

Source: *Interim Rule (effective June 25, 2024)* [§ 1807.107 Applicability of regulations for CMF Awards](#).



I. Policy Requirements

The following policies are established by the CDFI Fund to assist Recipients in the administration of their CMF Award(s). Each policy topic contains a source statement, description, and related policy details. Note: this is not a comprehensive list of CMF policies. This is a tool to help guide Recipients as they administer and comply with the terms of their CMF Award.

1. Amendments

The CDFI Fund has published guidance related to Assistance Agreement amendment requests and the process to amend. Certain requirements of the Assistance Agreement will not be considered for amendment and are listed below. Additional information can be found in the published guidance: [CMF Program Amendments Guide and Intake Steps](#).

Below are lists of Ineligible and Eligible Amendment Requests:

Ineligible Requests:

- Commitment for Use deadline
- General terms and conditions
- Initial Disbursement
- Requirement for Economic Development Activities to be in Low-Income Areas
- Requirement of 20% of Low-Income rental units per Project

Eligible Requests:

- Disaster areas (2018)
- Eligible Uses
- Eligible Activities
- Geographic Areas
- Minimum Recipient-level Multiplier (2016-2018)
- Percentage of CMF used in Non-Metro/Rural Areas
- Percentage of Homeownership units restricted to Low-Income Families, located in Areas of Economic Distress or a combination of both.
- Percentage of Homeownership units (2016-2020)
- Percentage of rental units located in Areas of Economic Distress and High Opportunity Areas
- Percentage of units in Areas of Economic Distress (2017-2020) or High Housing Need (2016)
- Percentage of Very Low-Income rental units
- Private Leverage Cost percentage (2016)
- Private Leverage Multiplier
- Production Target
- Project Completion Date
- Required Activities in certain geographies.
- Subsequent Payment



2. Commitment

CMF Awards must be fully committed to an Eligible Use (Committed for Use) within two years of the Effective Date in the Assistance Agreement and fully committed to identified Projects (Project Commitment) within three years of the Effective Date.

2.1. Commitment Process

The CMF Award must be Committed for Use within two years¹ of the Effective Date of the CMF Award and Recipients must achieve Project Commitment of the entire Award within three years of the Effective Date of the CMF Award.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.501 Commitments](#)

What is meant by the “commitment process”:

Beginning with the FY 2024 Awards, all CMF Awards are subject to a two-step commitment process. This policy was established as part of the Interim Rule (effective June 25, 2024). Prior CMF Awards from years 2016-2023 are not subject to the two-step commitment process and must follow the terms of their existing Assistance Agreements.

Step 1: Committed for Use: The first step of the commitment process requires Recipients to commit all Award funds for one or more of their approved Eligible Uses within two (2) years of the Effective Date of the Assistance Agreement for that applicable funding round. This is a statutory requirement. All Award funds must be Committed for Use to at least one of six Eligible Uses set forth in [§ 1807.301](#) of the revised Interim Rule (effective June 25, 2024). These include: (a) capitalization of a Loan Loss Reserve; (b) capitalization of a Revolving Loan Fund; (c) capitalization of an Affordable Housing Fund; (d) capitalization of an Economic Development Activity Fund; (e) funding Risk-Sharing Loans; or (f) funding Loan Guarantees.

Step 2: Project Commitment: Per [§ 1807.501](#) of the revised Interim Rule (effective June 25, 2024), the second step in the two-step commitment process is a written, legally binding commitment to a third party to invest Award funds in identified Projects. All Project Commitments must be completed within three (3) years of the Effective Date of the Assistance Agreement for that applicable funding round. For purposes of a Project Commitment, the

¹ The CMF Assistance Agreement provides additional information on Commitment deadlines for each specific Award year, which supersedes this Manual. For example, FY 2024 CMF Recipients that received their Award via an Initial Payment and then Subsequent Payment should refer to their Assistance Agreements for requirements on Commitment for Use.



commitment of CMF Award funds to a Homeownership Program, Loan Loss Reserve, or Loan Guarantee is considered a Project Commitment.

The CMF Assistance Agreement for each Award round describes alternative forms of commitments for those not made to a third party.

Implementation and Reporting

The Committed for Use requirement under step 1 is an [Award-level requirement](#). The Project Commitment requirement listed under step 2 is a [Project-level requirement](#).

Step 1—Committed for Use— The Commitment for Use date under the revised Interim Rule (effective June 25, 2024) is applicable to all Awards made after June 25, 2024 (i.e., FY 2024 and later). Awards made prior to June 25, 2024 (i.e., FY 2016-2023) are subject to the commitment requirements under the former Interim Rule (February 8, 2016). The date, amount, and Eligible Use that the Award is Committed for Use must be entered in the Award-level Report Record in AMIS. The Award must be Committed for Use within two years of the Effective Date of the applicable Assistance Agreement. Evidence of Committed for Use is a resolution of the Recipient’s Board of Directors or other form of commitment acceptable to the CDFI Fund.

A written authorizing document, such as a resolution of the board of directors, or other authorized official documentation, is required to document the Committed for Use requirement.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.501 Commitments](#)

Step 2—Project Commitment— The Project Commitment dates under the revised Interim Rule (effective June 25, 2024) are applicable to all Awards made after June 25, 2024 (i.e., FY 2024 and later). Awards made prior to June 25, 2024 (i.e., FY 2016-2023) are subject to the commitment requirements under the former Interim Rule (February 8, 2016). The dates and amount of the commitments must be entered in the AMIS Project Record for each Project. The Award must be fully committed to Projects within three years of the Effective Date of the applicable Assistance Agreement.

The Recipient must evidence a Project Commitment with a written, legally binding agreement to invest in a Project by providing the CMF Award to a qualifying Family, developer, Homeownership Program, or Project sponsor in which:

- a) Construction on real estate can reasonably be expected to start within 12 months of the Project Commitment date; or
- b) Property title on real estate will be transferred within six months of the Project Commitment date; or
- c) Construction schedule on real estate ensures Project Completion within five years from the Effective Date in the Assistance Agreement; or



- d) The Recipient has entered into a Secondary Market Mortgage Purchase agreement with a third-party lender to Purchase the qualified mortgages, and the subject mortgages would not otherwise have been originated by the third-party lender absent that agreement; or
- e) A Commitment for a qualified Homeownership Program has been made by the action of the Recipient’s board of directors; or
- f) The Recipient has entered into a Loan Guarantee agreement or has established a cash reserve, escrow, or accounting-based accrual reserve with a lender or investor for a Loan Loss Reserve.

Source: [Interim Rule \(effective June 25, 2024\) § 1807.104 Definitions](#) and [Interim Rule \(effective June 25, 2024\) § 1807.501 Commitments](#)

2.2. Commitment: Commitment Revisions/Change in a Project Commitment

Once a Project Commitment is made using a portion or entire amount of the CMF Award, the Commitment may be changed, terminated, cancelled, withdrawn, or substituted only under certain circumstances.

What is meant by “commitment revisions”:

The CDFI Fund recognizes that real estate development and finance projects do not always proceed according to plan. To address these situations, the CDFI Fund has set forth the following policies to clarify the Award compliance implications for Recipients if they need to revise their Project Commitments.

Once Award funds are Committed for Use, Recipients may opt-in for any additional Eligible Use(s), provided the Eligible Use is approved in Schedule 1 of the applicable Assistance Agreement. If the desired Eligible Use is not approved in the Assistance Agreement, the Recipient should follow the CMF Program Amendments Guide and Intake Steps which is available on the CDFI Fund website on the [CMF Step 5: Compliance Resources and Reporting](#) page (see also [Amendments](#) section of this Manual).

If a Project Commitment is made, and no Award funds have been disbursed: the Project Commitment may be changed, terminated, cancelled, withdrawn, or substituted under the following circumstances:

- (a) The change in commitment is made **prior** to the Project Commitment deadline. A Project Commitment can be withdrawn or terminated and recommitted to another Project if done so before the Project Commitment Date specified in Schedule 1 of the applicable Assistance Agreement and if no CMF Award dollars have been disbursed to the Project.
- (b) The change in the commitment is made **after** the Project Commitment deadline. Once the Project Commitment deadline has passed, a Project Commitment can be withdrawn or terminated if the Project is no longer feasible, and no Award funds have been disbursed to the Project. “No longer feasible” means the Project Commitment needs to be changed due to any of the following circumstances:



1. There are Project delays, funding gaps, or other issues preventing Project Completion by the Project Completion date; or
2. The Project sponsor, borrower, or other parties have demonstrated an unwillingness to cooperate with Recipient's CMF requirements; or
3. The Recipient identifies another Project that will be a better fit for the CMF investment; or
4. Other reasons deemed reasonable by the CDFI Fund and approved in writing on a case-by-case basis.

In the case of either (a) or (b), the Recipient must identify a substitute Project and make a Project Commitment to the substitute Project before the end of the Investment Period and complete the replacement Project per the terms of the Assistance Agreement.

If a Project Commitment is made, and the commitment is terminated **after** Award funds have been disbursed but the Project is not Completed: a determination of noncompliance will be issued. As part of the determination of noncompliance, a cure will be offered that may include the recapture of the CMF subsidy, a requirement to make an investment into a replacement Project, or the option for the Recipient to make its own dollars available for investment in a replacement Project(s).

Implementation and Reporting

Revisions or changes to Project Commitments is a **Project-level requirement**.

All Project Commitments must be made within three years of the Effective Date of the Assistance Agreement. All Award funds that are to be committed to Projects, must be committed by this date. Direct Administrative Expenses or Feasibility Determination Expenses are not Projects and not subject to the Project Commitment requirements.

If a Project Commitment is changed **before** the Project Commitment deadline and no Award funds have been disbursed, the change in Project Commitment does not require notification to the CDFI Fund. The initial Project may be terminated in AMIS, and a new Project record should be created for the new Project Commitment.

If a Project Commitment is terminated **after** the Project Commitment deadline but no Award funds have been disbursed, a change is allowed. However, a Material Event form must be filed in AMIS to notify the CDFI Fund of the terminated Project Commitment.

If a Project Commitment is terminated and Award funds have been disbursed, a Material Event form must be filed in AMIS to notify the CDFI Fund of the terminated Project Commitment. This type of terminated Project Commitment will result in a determination of noncompliance. The CDFI Fund will provide the Recipient with reasonable notice and an opportunity to cure the event of noncompliance in accordance with the applicable Assistance Agreement. In the event a Recipient terminates a CMF commitment after disbursement of the CMF Award to the Project but prior to Project Completion and seeks to move that Project into another of its CMF Awards, this is an event



of noncompliance, and the Recipient must notify the CDFI Fund via a Material Event Form within 30 days of terminating the commitment. The CDFI Fund will examine the cause and/or reason for the commitment termination. The Recipient can cure the noncompliance by (1) providing evidence that the terminated Project has been successfully created in another CMF Award, AND (2) providing evidence of a new commitment letter referencing the updated CMF Award.

Information on how to submit a Material Event form to the CDFI Fund is available under the header “Material Events” on the [CMF Step 5: Compliance Resources and Reporting](#) page.



3. Direct Costs

Direct Costs, per the UAR are costs identified specifically with an Award.

Source: [2 CFR 200.413 -- Direct costs.](#)

3.1. Direct Costs: Direct Administrative Expenses

Direct Administrative Expenses (DAE) are costs incurred by the Recipient related to the administration of the CMF Award or the financing of CMF Projects.

Source: *Interim Rule (effective June 25, 2024) [§ 1807.302\(f\) Restrictions on use of a CMF Award.](#)*

What is meant by “Direct Administrative Expenses”:

Direct Administrative Expenses are any eligible activities of a CMF Award. Recipients of CMF Awards may spend up to five percent (5%) of their Award for direct costs associated with the administration of the Award or the financing of Projects. Typical costs may be the compensation of employees who work on the Award or materials and other expenses directly connected to the Award or a Project.

Direct Administrative Expenses are described in [§ 200.413](#) of the UAR. Direct costs are allowed as Direct Administrative Expenses under CMF; Indirect Facilities and Administrative costs are not. Indirect costs are detailed in [§ 200.414](#) of the UAR.

Implementation and Reporting

Direct Administrative Expenses are subject to **Award-level requirements**.

The disbursement of up to five percent (5%) of the CMF Award for Direct Administrative Expenses may occur over the Investment Period of the Award. Direct Administrative Expenses are not subject to the CMF commitment requirements (see *Commitment Process*), but any funds allocated for Direct Administrative Expenses must be expended by the Investment Period End Date indicated in Schedule 1 of the Recipient’s Assistance Agreement.

Program Income (see [Program Income](#) section of this Manual) may be used for Direct Administrative Expenses, but in no event may the total of Award funds and Program Income spent for Direct Administrative Expenses exceed five percent (5%) of the Award amount.

Direct Administrative Expenses are not considered Eligible Project Costs (EPC) and may not be counted toward EPCs. Direct Administrative Expenses may not be counted in calculating the percentage of the Award used in Rural Areas, if applicable.

Direct Administrative Expenses policies are applicable to all CMF Award years.



3.2. Direct Costs: Feasibility Determination Expenses

Feasibility Determination Expenses may be incurred by Recipients to determine the feasibility of potential Projects.

Source: Interim Rule (effective June 25, 2024) [§ 1807.401 Definitions](#).

What is meant by “Feasibility Determination Expenses”:

Feasibility Determination Expenses are an eligible activity under a CMF Award. Recipients of CMF Awards may spend up to five percent (5%) of their Award for direct costs associated with determining the feasibility of potential projects. Such expenses may include, but are not limited to, preliminary market studies, engineering, architectural analyses, financial feasibility analyses, or other similar costs. Feasibility Determination Expenses are intended to allow Recipients to expend a small portion of their Award to determine if a project is feasible before committing the CMF Award funds.

Direct Costs are described in [§ 200.413](#) of the UAR. Feasibility Determination Expenses must: 1) be directly associated with an identifiable potential CMF Project; 2) must be expended before a Project Commitment is made; 3) may not be counted toward Eligible Project Costs; 4) may not be counted toward the percentage of the Award used in Rural Areas, if applicable; and 5) are limited to five percent (5%) of the entire Award amount.

Implementation and Reporting

Feasibility Determination Expenses are subject to **Award-level requirements**.

The disbursement of up to five percent (5%) of the CMF Award for Feasibility Determination Expenses may occur over the Investment Period of the Award. Feasibility Determination Expenses may only be spent on a potential Project prior to a Project Commitment (see [Commitment Process](#) section of this Manual). Any funds spent for Feasibility Determination Expenses must be expended by the Investment Period End Date indicated in Schedule 1 of the Recipient’s Assistance Agreement.

Program Income (see [Program Income](#) section of this Manual) may be used for Feasibility Determination Expenses. However, the CMF Award and Program Income spent for Feasibility Determination Expenses combined cannot exceed five percent (5%) of the total Award amount.

Feasibility Determination Expenses are not considered Eligible Project Costs (EPC) and may not be counted toward EPCs.

Feasibility Determination Expenses are only relevant to CMF Awards made after June 25, 2024. FY 2016 – FY 2023 Award Recipients cannot use their Awards for Feasibility Determination Expenses.

Note that the option to use up to 5% of the Award for Direct Administrative Expenses is separate from the option to use up to 5% of the Award for Feasibility Determination Expenses. For example, a Recipient can spend 5% of their Award for Direct Administrative Expenses, 5% of their Award for Feasibility Determination Expenses, and the remaining 90% on Projects.



4. Economic Development Activities

CMF Award Recipients may use up to 30% of their Award to fund Economic Development Activities (EDA), as applicable. A Recipient may use its CMF Award to finance and/or support EDA through any CMF Eligible Use pursuant to §1807.301 of the revised Interim Rule (effective June 25, 2024), except for the Use to “capitalize an Affordable Housing Fund.” (For example, the Use “to capitalize Loan Loss Reserves” could be used to support EDA, if the Recipient is approved for EDA as an eligible activity.) Additionally, the Community Facilities and physical structures associated with EDA must be used for allowable activities for a minimum of three years.

Source: Interim Rule (effective June 25, 2024) [§ 1807.301 Eligible Uses](#).

4.1. Economic Development Activities

What is meant by Economic Development Activities:

CMF Awards may be used to finance or support Economic Development Activities (EDA) that may include two types of facilities: Community Service Facilities or physical structures in which businesses operate.

Community Service Facilities are structures in which service programs benefiting nearby residents of affordable housing are provided. These programs can include health care, childcare, education programs, job training, food and nutrition services, arts, or other social services. They do not include facilities which house typical municipal services, except for libraries, charter schools, indoor recreation, or others identified in the Award Assistance Agreement.

Physical structures in which businesses operate may include private business or industry subject to §1807.302 of the revised Interim Rule (effective June 25, 2024).

Source: Interim Rule (effective June 25, 2024) [§ 1807.302 Restrictions on Use of CMF Award](#).

EDA is meant to stabilize, sustain, or revitalize Low-Income Areas including Underserved Rural Areas. It must complement housing activities and be undertaken as part of a Concerted Strategy. The facilities or structures financed are to be undertaken in conjunction with nearby affordable housing to benefit the residents. For a Metropolitan Area, the EDA must be within one mile of affordable housing; for a Rural area, the EDA must be located within the same county, township, or village, or within 10 miles of such affordable housing. The affordable housing is not required to be CMF-financed housing, however, if it is not CMF-financed housing, it must be housing authorized by, or whose affordability is subject to, local, state, or Federal laws.

Source: Interim Rule (effective June 25, 2024) [§ 1807.403 Economic Development Activities](#).



Implementation and Reporting

The Low-Income Areas and Underserved Rural Areas where EDA may be located are identified as part of a dataset available under the header “Compliance Resources and Reporting” for each applicable Award year on the [CMF Step 5: Compliance Resources and Reporting](#) page. EDA Projects are subject to **Project-level requirements** and must be reported in the Project Record in AMIS. The 30% cap on the use of a CMF Award for EDA is an **Award-level requirement**.

4.2. Economic Development Activities: Minimum Eligible Use Requirement

For CMF Recipients who choose to fund and are approved for Economic Development Activities (EDA), the revised Interim Rule (effective June 25, 2024) includes a minimum eligible use requirement. The Community Facilities and physical structures associated with EDA must be used for allowable activities for a minimum of three years.

Source: [§ 1807.403\(b\) Minimum Use Term](#)

What is meant by “Minimum Eligible Use Requirement”:

The Community Service Facilities or physical structures resulting from Economic Development Activities must continue to be used for allowable Economic Development Activities for a minimum of three years from Initial Occupancy of the completed Project. The EDA activity is allowed to change from one EDA activity to another during the three-year period (e.g., the use of a CMF-financed Community Facility could change from a childcare center to a health care center), but it must remain an eligible Economic Development Activity and may not be a prohibited use under §1807.302 of the revised Interim Rule (effective June 25, 2024).

Source: *Interim Rule (effective June 25, 2024)* [§ 1807.403\(b\) Minimum Use Term](#).

Implementation and Reporting

The EDA Minimum Eligible Use Requirement is a **Project-level requirement**.

The minimum eligible use requirement for EDA is applicable to CMF Awards made after June 25, 2024 (i.e., FY 2024 and later). EDA funded under prior Awards (i.e., FY 2016 to FY 2023 Awards) are not subject to the minimum three-year Eligible Use requirement.

For each Economic Development Activity, a Recipient must enter on the Project Record in AMIS the “Economic Development Activity Occupancy Date.” This is the date the EDA structure is occupied by an eligible business or Community Service Facility and is the start date for the three-year compliance period. The minimum eligible use requirement for EDA is applicable to CMF Awards made after June 25, 2024, and any uncommitted funds from previous Awards. EDA Projects committed under prior Awards (FYs 2016-2023) are not subject to the minimum three-year Eligible Use requirement.





5. Homeownership

Homeownership is an ownership interest in 1) a home in fee simple, or by condominium, cooperative, mutual housing, or ground lease title interest, in a one-to-four-unit Single-family housing; or 2) the ownership of a manufactured housing unit.

Source: Interim Rule (effective June 25, 2024) [§ 1807.104 Definitions](#).

5.1. Homeownership: Purchase Price Limits

A Homeownership Purchase financed with CMF is subject to purchase price limits.

What is meant by “purchase price limits”:

Purchase price limits place an upper cap on the price of a home that may be purchased using CMF Award funds. Individual mortgages financed with the CMF Award must be originated based on an assessment of the Homebuyer’s repayment capacity and the affordability of the loan terms and conditions.

Implementation and Reporting

Purchase Price Limits are a **Project-level requirement**.

The purchase price limits changed in the revised Interim Rule (effective June 25, 2024).

For CMF Awards made after June 25, 2024: For FY 2024 Awards and later, the purchase price may not exceed the limits under the [HUD FHA Section 203\(b\) Mortgage Insurance Program](#)

For FYs 2016 – 2023 CMF Awards: The Purchase Price Limits may not exceed 95% of the median purchase price for the area as used in the HOME Program as determined by HUD.

5.2. Homeownership: Resale/Recoupment/Replacement Policy

The Interim Rule (effective June 25, 2024) changes the recoupment/resale/replacement requirements related to Homeownership as detailed under [§ 1807.402\(a\)\(1\)\(vi\)](#).

What is meant by the “resale/recoupment/replacement policy”:

Housing financed for Homeownership with the CMF Award must remain affordable for 10 years. Recognizing that in the normal course of owning a home, Homebuyers may sell it before the end of the 10-year Affordability Period, resale is permitted. However, there are requirements to ensure the shortened Affordability Period is otherwise met, the unit properly replaced, or the investment recouped as required.



The revised Interim Rule (effective June 25, 2024) requires the Recipients to establish a resale, recoupment, and/or replacement strategy. For Awards made after June 25, 2024, the strategy must ensure that:

1. If the home is sold in five years or less of the Purchase, the home must be sold to another eligible income Family, or the CMF investment must be recouped, and the home replaced with affordability restrictions for the remainder of the Affordability Period.
2. If the home is sold after five years of the Purchase, but before the end of the Affordability Period, the home must be sold to another eligible income Family, or the CMF investment must be recouped in a proportional amount equal to one-tenth of the investment for every remaining year. The home does not need to be replaced.

Source: Interim Rule (effective June 25, 2024) [§ 1807.402 \(a\)\(vi\) Affordable Housing-Homeownership](#).

For Awards made prior to June 25, 2024 (i.e. FY2016-2023), the strategy must comply with the former Interim Rule (February 8, 2016) and ensure that if the home is sold before the end of the 10 year affordability period, the home must be sold to another eligible income Family, or an amount equal to the CMF investment (recouped or not) is used to finance replacement housing for the same income category for the duration of the affordability period.

Implementation and Reporting

The resale, recoupment, and/or replacement provisions outlined §1807.402(a)(5) are **Award-level requirements**.

The Recipient must adopt a resale, recoupment, and/or replacement strategy which includes the provisions listed above, prior to committing any CMF Award dollars to Homeownership activities. Deed restrictions, covenants running with the land, or other similar mechanisms may be used as the mechanism to impose a resale, recoupment, and/or replacement strategy, as can covenants in the loan documents. This requirement applies to Homeownership commitments under CMF Awards made after June 25, 2024 (FYs 2024 and later).

All Homeownership units committed or financed under prior CMF Awards (FYs 2016-2023) are not subject to this requirement, but must comply with resale provisions under [§1807.402\(a\)\(5\)](#) of the former Interim Rule (February 8, 2016).

An established Homeownership Program is considered a “Project” for purposes of making a Project Commitment (see *Commitment Process*).

Source: Interim Rule (effective June 25, 2024) [§ 1807.402 \(a\)\(5\) Affordable Housing-Homeownership](#).





6. Income

The income of Families occupying CMF-financed Housing is the combined earnings of all members of the household as determined at initial occupancy and thereafter, as a percentage of the Area Median Income (AMI), adjusted by Family size. See CMF Compliance Frequently Asked Questions (FAQ) for additional information.

6.1. Income: Very Low-Income

For all Awards made on or after June 25, 2024, Very Low-Income (VLI) is calculated at 60% of the Area Median Income, with adjustments for Family size. For all Awards made before June 25, 2024, VLI is calculated at 50% of the Area Median Income, with adjustments for Family size.

Source: Interim Rule (effective June 25, 2024) [§ 1807.104 Definitions](#)

What is meant by “Very Low-Income”:

CMF relies on the dataset published annually by the U.S. Department of Housing and Urban Development (HUD) as the Multi-family Tax Subsidy Income Limits to set the upper limit of the definition of Very Low-Income at both 50% Area Median Income and at 60% Area Median Income. The dataset is available online through the [HUD Multi-family Tax Subsidy Project Documentation System](#). The same dataset can be used for both rental and Homeownership CMF Projects.

Implementation and Reporting

Income must be reported as part of the Project Record in AMIS and is an **Award-level requirement**. The PG&M is tested at the Award-Level, based on a roll-up of Project-level data.

The definition of VLI in the Interim Rule (effective June 25, 2024) is applicable to FY 2024 Awards and all Awards granted thereafter. Awards granted before June 25, 2024, must comply with the definition of VLI under the former Interim Rule (February 8, 2016) and the applicable Assistance Agreement.



7. Preservation

Preservation is intended to create affordable housing from the existing housing stock or maintain and extend the affordability of existing affordable housing.

7.1. Preservation: Affordable Housing Preservation

Preservation includes the acquisition, refinancing, or recapitalization of existing Multi-family rental or Single-family housing, with or without Rehabilitation, to create, maintain, or extend the affordability of the housing.

Source: Interim Rule (effective June 25, 2024) [§ 1807.104 Definitions](#).

What is meant by “Preservation”:

Preservation means the acquisition, refinancing, recapitalization, of existing Multi-family rental housing or Single-family housing, with or without Rehabilitation, to create, maintain, or extend the affordability requirement as provided in subpart D of the CMF Interim Rule (effective June 25, 2024). Preservation may include the refinancing of owner-occupied Single-family housing or Multi-family rental housing to extend the existing affordability restrictions set to expire during the Investment Period (or other timeline as defined by the CDFI Fund) by at least an additional 10-year Affordability Period or as set forth in the Assistance Agreement. Preservation may also include the imposition of a new Affordability Period on Housing not currently subject to affordability restrictions.

If CMF Award funds are used to preserve properties where no affordability restrictions are in place, new affordability restrictions of at least 10-years pursuant to the requirements of the CMF Affordability Period must be established and recorded on the property. This may include existing affordability restrictions which meet or exceed the requirements of the CMF Affordability Period if these restrictions were recorded no more than thirty-six (36) months prior to the Project Commitment Date of the CMF Award, as set forth in Schedule 1 of the Assistance Agreement. Projects recapitalized through re-syndication, refinancing, or repurchase that meet the three-year look-back period qualify under this provision. The CMF Affordability Period runs concurrently with the existing affordability restrictions in place on the Project. Additionally, federal housing assistance programs that support affordable housing through rent subsidies or other contracts with property owners that are not recorded against the property (e.g. HAP contracts) are eligible as Preservation provided a new 10-year affordability restriction is recorded on the property.

If CMF Award funds are used to preserve properties where affordability restrictions exist, the loss of affordability must be imminent. Per the CMF Interim Rule (effective June 25, 2024) this means that the existing affordability restrictions must be expiring during the Investment Period of the applicable Award. Additional affordability restrictions must be recorded and imposed from the point of expiration, resulting in an additional 10-years of affordability. Projects with existing affordability restrictions that exist beyond the Investment Period of the associated CMF Award are not eligible Projects.

The Preservation requirements established in the Interim Rule (effective June 25, 2024) apply to all FY 2024 and subsequent Awards.



Prior Award (FYs 2016-2023) are not subject to the new Preservation restrictions; however, per the applicable Assistance Agreement, an additional 10 years of affordability must be added to the end of the existing restrictions. For example, where a property with existing LIHTC restrictions of 30 years is preserved using CMF Award funds (FY2016-2023), an additional 10 years of affordability must be added at the point of expiration of the LIHTC restrictions, resulting in a total of 40 years of affordability.

Implementation and Reporting

Preservation is subject to **Project-level requirements**.

The period of affordability must be imposed by deed restrictions, covenants running with the land, or other recording instruments. In certain cases, affordability restrictions imposed under another Federal housing program which meet or exceed the CMF requirement may suffice (see [Presumptive Eligibility Determinations](#) section of this Manual). Deed restrictions must be maintained with Project records.

Recipients must enter the expiration date of the affordability restrictions or the date of rescission of existing restrictions in the Project Record in AMIS.

8. Presumptive Compliance

Certain rules, requirements, and designations under other Federal housing programs may be deemed Presumptively Compliant in meeting certain CMF requirements and are relevant to all CMF Awards for the purposes of compliance and reporting..

Source: Interim Rule (effective June 25, 2024) [§ 1807.106 Presumptive Compliance with Other Federal Programs](#).

8.1. Presumptive Compliance Determinations

The CDFI Fund makes Presumptive Compliance Determinations (PCD) based on specific provisions under specifically designated Federal Housing programs deemed by the CDFI Fund as meeting certain CMF requirements. PCDs do not extend to the entirety of the other Federal program. PCDs are not intended to override or contradict specific CMF income limits, leverage requirements, or eligible activities as set forth in the CMF Interim Rule (effective June 25, 2024). PCDs are designated by the CDFI Fund for CMF compliance and reporting purposes and may be modified or changed as needed at the discretion of the CDFI Fund. All PCDs currently approved by the CDFI Fund are documented in writing and published in the current version of the CMF Post Award Policy and Compliance Manual (this document).

What is meant by “Presumptive Compliance Determination” (PCD):

The concept of “Presumptive Compliance” was introduced with the adoption of the Interim Rule (effective June 25, 2024). The Interim Rule (effective June 25, 2024) incorporates the authority for the CDFI Fund to deem compliance with certain provisions under other designated Federal housing



programs as Presumptively Compliant with those same or similar provisions of the CMF program. The term “Presumptively Compliant” is defined in §1807.104 of the Interim Rule (effective June 25, 2024).

Source: *Interim Rule (effective June 25, 2024) § 1807.106 Presumptive Compliance with Other Federal Programs.*

Under Presumptive Compliance, if a Recipient has a Project that is in compliance with certain requirements under other Federal housing programs as delineated below (e.g., tenant income eligibility), that Project may be determined by the CDFI Fund to meet the respective CMF program requirements. Because CMF is often part of a larger capital stack in financing affordable housing, Presumptive Compliance Determinations (PCD) will result in better alignment with other federal housing programs frequently used with CMF and easing the administrative burden for CMF Recipients.

Table of Presumptive Compliance Determinations

The following table lists all current CMF Presumptive Compliance Determinations (PCDs) approved by the CDFI Fund.

Presumptively Compliant Determinations	Associated Federal Programs	Additional Background
<p>1. Gross Rent The CDFI Fund deems that gross rent as determined under the Low-Income Housing Tax Credit (LIHTC) program is Presumptively Compliant in meeting the Rent Limitations in the corresponding income categories under §1807.401(a) of the Interim Rule (effective June 25, 2024) and the Assistance Agreement.</p>	<p>a. Low Income Housing Tax Credit (LIHTC) program Tax Reform Act of 1986 (P.L.99-514)</p>	<p>The calculation of gross rent used in the CMF program is the same as that used in LIHTC. This PCD allows the gross rent determination compliant under LIHTC to be compliant under CMF.</p>
<p>2. Tenant Income Eligibility The CDFI Fund deems that a Family residing in a CMF Unit and income-qualified under the Low-Income Housing Tax Credit (LIHTC) program, the HOME program, or the Section 515 Rural Rental Housing program, is income-eligible in the corresponding income categories and Presumptively Compliant in meeting the tenant income determination requirements</p>	<p>a. Low Income Housing Tax Credit (LIHTC) program Tax Reform Act of 1986 (P.L.99-514)</p> <p>b. HUD Section 8 <i>Section 8 of the United States Housing Act of 1937 (42 U.S.C. §1437f)</i></p> <p>c. Section 515 Rural Rental Housing Program <i>Section 515 (42 U.S.C. 1485)</i></p>	<p>Tenant income eligibility under CMF (§1807.401(f)(2)(ii)) incorporated the method used for the HUD Section 8 program and additionally, for several years, the CDFI Fund has deemed tenant income-qualified under LIHTC as income-qualified in the corresponding income categories under CMF, pursuant to §1807.401(f) of the 2016 rule. This was incorporated as policy in the Assistance Agreement and CMF compliance FAQs.</p>



Presumptively Compliant Determinations	Associated Federal Programs	Additional Background
<p>under §1807.401(f) of the Interim Rule (effective June 25, 2024).</p>	<p>d. HOME <i>Title II of the Cranston-Gonzalez National Affordable Housing Act, 42 U.S.C. 12721 et seq.</i></p>	<p>This PCD deems the following approaches as Presumptively Compliant under the designated federal programs to the left. This PCD allows income determinations compliant under these Federal programs to be compliant with CMF requirements.</p>
<p>3. Deed Restrictions The CDFI Fund deems that a land use restrictive agreement, restrictive covenant, or similar deed restriction in place under the Low Income Housing Tax Credit (LIHTC) program is Presumptively Compliant in meeting the deed restrictions, covenants running with the land, or other recording instrument requirements under §1807.401(d) of the Interim Rule (effective June 25, 2024), if the Presumptively Compliant restriction meets or exceeds the CMF period of affordability under that section and meets the CMF-required percentage of rent-restricted units under §1807.401.</p>	<p>a. Low Income Housing Tax Credit (LIHTC) program Tax Reform Act of 1986 (P.L.99-514)</p>	<p>Under §1807.401(d) of the Interim Rule (effective June 25, 2024), the affordability restrictions on CMF-financed multifamily rental properties are to be imposed on those properties through deed restrictions and other recorded instruments.</p> <p>Because CMF financing is usually part of a larger capital stack, recorded restrictions under other programs is often required. This PCD will allow a single recordation pursuant to LIHTC to meet CMF requirements if the length of the affordability restrictions meet or exceed those required under CMF.</p>

Implementation and Reporting

PCDs are subject to **Project-level requirements** and the Recipient will report this in AMIS on the corresponding Project Record.

PCDs are designated for CMF compliance and reporting purposes and are applicable to all CMF Awards. The PCDs currently approved by the CDFI Fund for CMF compliance and reporting purposes are documented in the current version of the CMF Post Award Policy and Compliance Manual.

By electing to use a PCD, a Recipient is attesting that the Project is in full compliance with the other designated Federal program as it relates to the PCD. For this reason, the Recipient is expected to



maintain records that substantiate such compliance. For example, if a Project is funded by both CMF and LIHTC, and the Project is relying on the [Tenant Income Eligibility](#) PCD under the LIHTC program, records indicating full compliance with LIHTC must be maintained by the Recipient. Any event of non-compliance under the other federal program must be reported to the CDFI Fund as a Material Event, using the CDFI Fund's Material Event form and process.

For compliance and reporting purposes, the PCD for Deed Restrictions is applicable to all CMF Awards. For Awards subject to the former Interim Rule (February 8, 2016) which covers FY 2016-2023, a land use restrictive agreement, restrictive covenant, or similar deed restriction in place under the LIHTC program that meets or exceeds the CMF period of affordability and the CMF-required percentage of rent-restricted units under §1807.401, satisfies the requirement for CDFI Fund approval for other recordable mechanisms.

9. Program Income

Program Income is earned as the result the repayment of principle, repayment of equity, or interest earned from CMF investments.

Source: Interim Rule (effective June 25, 2024) [§ 1807.104 Definitions](#)

9.1. Program Income: Reinvestment Timelines

Program Income must be used by the Recipient as set forth in the applicable Assistance Agreement and is subject to certain reinvestment timelines.

What is meant by “reinvestment timelines”:

The timing of Program Income and the type of Program Income are both important and may have differing requirements.

First, the Recipient must determine whether the Program Income from repayment of principal is earned during the Investment Period or after.

Program Income earned during the Investment Period is subject to reinvestment as specified in Schedule 1 of the Assistance Agreement. If, at the time of application, the Recipient indicated its intent to use *Reinvestment Leverage* and reuse the Award to leverage additional capital to meet its performance goals, the Recipient is subject to Section 3.8(a) of the Assistance Agreement and must follow those requirements. Recipients who did not indicate an intent to use *Reinvestment Leverage* to meet their Performance Goals are subject to Section 3.8(b) of the Assistance Agreement. The applicable section is noted in Schedule 1 of the Recipient's Assistance Agreement. While the requirements differ, both sections require Recipients to disburse Program Income of \$100,000 or more to eligible CMF activities, which must achieve completion within three years from the Project Commitment or the end of the Investment Period, whichever is later.



Program Income earned after the Investment Period ends must be used for Recipient mission purposes and reported on through the end of the Affordability Period.

Interest earned is another form of Program Income but is treated differently. Interest earned from the CMF Advance Payment over \$500 must be repaid to the Federal government. The CMF Award is considered an “advance” from the point the Payment is made by the CDFI Fund to the Recipient until the Award is Committed for Use (see [Commitment Process](#) section of this Manual). Interest earned on CMF investments thereafter is not subject to repayment and may be used by the Recipient for CMF Eligible Activities or other mission purposes.

Implementation and Reporting

Program Income is subject to **Award-level requirements**.

For FY 2016 and FY 2017 Awards, Program Income earned only during the first four years of the Investment Period is subject to reinvestment. For these Award years, the Investment and reinvestment periods have passed, and those Awards are no longer subject to the reinvestment timelines. Program Income earned after the Investment Period but during the Affordability Period must be reinvested for mission purposes.

For other prior CMF Awards (FY 2018 - FY 2023) and those Awards made after June 25, 2024, the above reinvestment timeline and reinvestment requirements specified in the Assistance Agreement apply.

10. Rehabilitation

Rehabilitation means any repairs and/or capital improvements that contribute to the long-term improvement, current building code compliance, habitability, sustainability, or energy efficiency of Affordable Housing.

Source: Interim Rule (effective June 25, 2024) [§ 1807.104 Definitions](#).

What is meant by “Rehabilitation”:

Rehabilitation involves the repair and/or improvement of existing rental or Homeownership Housing. Rehabilitation does not include the on-going maintenance of a property. CMF may be used for the Rehabilitation of rental Housing in conjunction with Preservation; the Rehabilitation of rental Housing acquired for Affordable Housing; the Purchase of Housing for Homeownership; and/or the Rehabilitation of Single-family housing owned by a qualifying Family.

If CMF Award funds are used to Rehabilitate rental properties where no affordability restrictions are in place, new affordability restrictions for at least 10-years pursuant to the requirements of the CMF Affordability Period must be established and recorded on the property. This may include existing affordability restrictions which meet or exceed the requirements of the CMF Affordability Period if these restrictions were recorded no more than thirty-six (36) months prior to the Project Commitment Date of



the CMF Award, as set forth in Schedule 1 of the Assistance Agreement. Projects recapitalized through re-syndication, refinancing, or repurchase that meet the three-year look-back period qualify under this provision.

If CMF Award funds are used to Rehabilitate rental properties where affordability restrictions exist, the loss of affordability must be imminent. Per the CMF Interim Rule (effective June 25, 2024) this means that the existing affordability restrictions must be expiring during the Investment Period of the applicable Award. An additional 10 years of affordability restrictions commencing from the point of expiration for another 10 years, must be recorded. Projects with existing affordability restrictions that exist beyond the Investment Period or do not end, are not eligible.

If CMF Award funds are used to Purchase and Rehabilitate Housing for Homeownership, the Single-family Housing must become the principal residence of the Homebuyer at the time of Purchase and is subject to the affordability requirements set forth in §1807.402 of the Interim Rule (effective June 25, 2024) [link]. The estimated after-rehab value of the home may not exceed the CMF Purchase Price Limits.

If CMF Award funds are used to rehabilitate Housing that is currently owned by a qualifying Family, the home must be the principal residence of the Family and remain so for the 10-year Affordability Period or meet the recoupment, replacement, resale provisions of §1807.402(a)(vi) of the Interim Rule. The estimated after-rehab value of the home may not exceed the CMF Purchase Price Limits.

The Rehabilitation requirements established in the Interim Rule (effective June 25, 2024) apply to all FY 2024 and later Awards. Prior Awards (FY2016-2023) are not subject to the new restriction. Homeownership Programs established under prior Awards are not subject to the new requirements but remain subject to the requirements under the former Interim Rule (February 8, 2016).

Implementation and Reporting

Rehabilitation is subject to **Project-level requirements**.

For rental housing, affordability restrictions of 10 years or more must be ensured by deed restrictions, covenants running with the land, or other recording instruments on the property. The affordability may be imposed or enforced under federal, state, or local law. In certain cases, affordability restrictions imposed under another Federal housing program which meet or exceed the CMF requirement may suffice (see [Presumptive Eligibility Determinations](#) section of this Manual). Deed restrictions must be maintained with Project records.

Recipients must enter the expiration date of the affordability restrictions or the date of rescission of existing restrictions in the Project Record of AMIS.

For Homeownership housing, Recipients are subject to the recoupment, replacement, resale provisions under § 1807.402(a)(vi) of the Interim Rule (effective June 25, 2024).



11. Rental Housing

Rental Housing financed with the CMF Award is Housing that is leased to a qualified Family, is permanent in nature, and meets the requirements of a CMF Unit.

11.1. Rental Housing: Tenant Income Determination

At the time of initial lease and occupancy, the income of the tenant must be determined to ascertain eligibility. During the Affordability Period, the income of the tenant must be recertified.

Source: Interim Rule (effective June 25, 2024) [§ 1807.401\(f\) Affordable Housing-Rental Housing](#).

What is meant by “tenant income determination”:

Recipients of CMF Awards must require the Project owner of each rental Project financed with CMF to collect information on the income of Project tenants. The tenant income includes income from all Family members.

Source: Interim Rule (effective June 25, 2024) [§ 1807.104 Definitions](#).

Implementation and Reporting

Initial and annual income determinations, as applicable, are subject to **Project-level requirements** and must be reported in the Project Record in AMIS for each CMF Unit.

Tenant income must be determined at the time of initial lease and occupancy, and subsequently, be determined annually. However, there are two exceptions to annual certification: 1) Projects where 100 percent of the units are subject to CMF rent limitations; and/or 2) rent-restricted units where the rent and income restrictions are tied to a specific unit with a fixed address.

There are three acceptable methods to determine tenant income: 1) Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes; or 2) annual income as defined in 24 CFR 5.609; or 3) the Presumptive Compliance Determination related to Tenant Income Eligibility (see [Presumptive Compliance](#) section of this Manual).

Source: Interim Rule (effective June 25, 2024): [§ 1807.401\(f\)\(2\) Affordable Housing-Rental Housing](#).

The exceptions to annual certification and reliance on the Presumptive Compliance Determination are applicable to Awards made after June 25, 2024. For prior Awards (FYs 2016 – 2023), the Presumptive Compliance Determination is applicable to income determination, but the exceptions are not.



12. Student Occupants

Students are individuals who attend school full-time.

12.1. Student Occupants

Students may occupy CMF-financed Housing; however, the revised Interim Rule (effective June 25, 2024) added the requirement that all the occupants of the CMF Unit may not be full-time students, with some exceptions.

Source: Interim Rule (effective June 25, 2024) [§ 1807.400 \(c\) Affordable Housing - General](#).

What is meant by “Student Occupants”:

Students who attend school full-time may be part of a Family or household occupying a CMF Unit; however, all occupants who make up the Family or household may not be students. CMF does not define “full-time students”; however, Recipients may look to LIHTC (IRC Section 42) or IRC Section 151(c)(4) and IRS Publication 17 for guidance. [12 CFR 1807.302](#) of the CMF interim rule (effective June 25, 2024) prohibits the use of CMF for dormitories and under [12 CFR 1807.400\(c\)](#), all the occupants of CMF Affordable Housing must not be full-time students unless they meet certain exemptions, which are:

- 1) Married students who file a joint tax return;
- 2) Students who receive assistance under Title IV of the Social Security Act;
- 3) Students enrolled in a job training program;
- 4) Students who are single parents with children who are their dependents, as defined in IRC §152;
- 5) Students who previously were part of a foster care program; or
- 6) Who meet other criteria specified by the CDFI Fund.

Implementation and Reporting

The student restrictions are a **Project-level requirement**.

In the case of Awards made after June 25, 2024 (FY2024 and later), the Recipient must ensure that the Housing is not 100% occupied by full-time student tenants unless the students qualify under an exception. For Awards made prior to June 25, 2024, Recipients do not need to ensure that the Housing is not 100% occupied by full-time student tenants.



II. Acronym List

AMI:	Area Median Income
AMIS:	Awards Management Information System
CDFI:	Community Development Financial Institution
CMF:	Capital Magnet Fund
EDA:	Economic Development Activities
EPC:	Eligible Project Costs
FAQs:	Frequently Asked Questions
FHA:	Federal Housing Administration
HUD:	U.S. Department of Housing and Community Development
LIHTC:	Low Income Housing Tax Credit Program
Manual:	CMF Post Award Policy & Compliance Manual
PCD:	Presumptive Compliance Determination
UAR:	Uniform Administrative Requirements



III. Glossary

Capital Magnet Fund (CMF) Post Award Policy & Compliance Manual

Glossary

The following terms and definitions are provided for convenience and are based on the CMF Interim Rule (effective June 25, 2024) and the corresponding assistance agreements for Awards made after June 25, 2024. Definitions for Awards from FY 2016 to FY 2023 may differ. Recipients of FY 2016 to FY 2023 Awards are advised to refer to the definitions in the corresponding Assistance Agreement and Interim Rule (February 8, 2016).

Term	Definition
Acquisition Financing	Refers to financing any activities associated with obtaining control of the real estate site.
Act	Act, as defined in 12 CFR 1807.104, means the Housing and Economic Recovery Act of 2008, as amended, Public Law 110-289, Section 1131.
Affiliate	Affiliate, as defined in 12 CFR 1807.104, means any entity that Controls, is Controlled by, or is under common control with, an entity.
Affordability Period	For each Project, the period beginning on the date when the Project achieves Initial Occupancy and consisting of the full ten (10) consecutive years thereafter, during which period the Recipient must ensure the affordability requirements, as set forth in the CMF Regulations and in the Assistance Agreement, are met, or such other period as may be established in writing by the CDFI Fund.
Affordable Housing	Affordable Housing, as defined in 12 CFR 1807.104, means housing that meets the requirements set forth in 12 CFR 1807, Subpart D.
Affordable Housing Activities	Affordable Housing Activities, as defined in 12 CFR 1807.104, means the Development, Preservation, Rehabilitation, and/or Purchase of Affordable Housing or Secondary Market Mortgage Purchase.
Affordable Housing Developer/Manager	A Nonprofit Organization whose primary mission is the construction, development, redevelopment, preservation, or management of affordable housing. The Affordable Housing Developer may own the housing that is developed; may own it in part, such as a limited partnership; may sell the homeownership housing it develops once completed; or may sell but continue to manage the housing if rental housing.
Affordable Housing Fund	Affordable Housing Fund, as defined in 12 CFR 1807.104, means an investment fund consisting of the CMF Award and Leveraged Capital that the Recipient: <ol style="list-style-type: none"> 1) Manages and makes investment decisions for; and 2) Uses to finance Affordable Housing Activities in any combination of debt,



Term	Definition
	grant, or equity investments, which does not include the purchase of stock, securities, or the buy-out of partnership interests.
Announcement Date	The date on which the CDFI Fund announces the Recipients of CMF Awards under the applicable Notice of Funds Availability (NOFA), as indicated on the signature page of the Assistance Agreement.
Applicant	Applicant, as defined in 12 CFR 1807.104, means any entity submitting an application for a CMF Award.
Application	Application means the CDFI Fund’s Capital Magnet Fund application form, including any written or verbal information in connection therewith and any exhibits, attachments, appendices, and/or written or verbal supplements thereto, submitted by the Applicant to the CDFI Fund, in response to the applicable NOFA.
Appropriate Federal Banking Agency	Appropriate Federal Banking Agency, as defined in 12 CFR 1807.104, has the same meaning as in section 3 of the Federal Deposit Insurance Act, 12 U.S.C. 1813(q), and includes, with respect to Insured Credit Unions, the National Credit Union Administration.
Appropriate State Agency	Appropriate State Agency, as defined in 12 CFR 1807.104, means an agency or instrumentality of a State that regulates and/or insures the member accounts of a State-insured credit union.
Areas of Economic Distress	<p>Areas of Economic Distress means census tracts identified by the CDFI Fund: (a) where at least 20 percent of households that are Very Low-Income spend more than half of their income on housing; or (b) that are Low-Income Housing Tax Credit Qualified Census Tracts; or (c) where greater than 20 percent of households have incomes below the poverty rate and the rental vacancy rate is at least 10 percent; or (d) where greater than 20 percent of the households have incomes below the poverty rate and the homeownership vacancy rate is at least 10 percent; or (e) are Underserved Rural Areas as defined in the CMF Regulations.</p> <p>The CDFI Fund publishes a dataset on its website for each funding round indicating which census tracts are designated as Areas of Economic Distress.</p>
Assistance Agreement	Assistance Agreement, as defined in 12 CFR 1807.104, means a formal, written agreement between the CDFI Fund and a Recipient, which agreement specifies the terms and conditions of assistance under this part.
Authorized Representative	Authorized Representative is an employee or an officer that has the authority to legally bind and make representations on behalf of the Applicant; consultants working on behalf of the Applicant cannot be designated as Authorized Representatives. Authorized Representatives for an organization should be designated as Authorized Representatives in AMIS.



Term	Definition
Bridge Loans	A short-term interim loan that is available for use until permanent financing is secured or an existing financial obligation is removed. Such loans “bridge” the interim period until permanent financing is put in place.
Capital Magnet Fund (CMF)	Capital Magnet Fund (or CMF), as defined in 12 CFR 1807.104, means the program authorized by the Act and implemented under 12 CFR Part 1807.
Capital Magnet Fund (CMF) Regulations	Capital Magnet Fund Regulations means the regulations set forth in the Capital Magnet Fund Interim Rule (effective June 25, 2024) and the Capital Magnet Fund Interim Rule (2016), as applicable. 12 CFR Part 1807.
Certified Community Development Financial Institution (or Certified CDFI)	Certified Community Development Financial Institution (or certified CDFI), as defined in 12 CFR 1807.104, means an entity that has been determined by the CDFI Fund to meet the certification requirements set forth in 12 CFR 1805.201.
CMF Award	CMF Award, as defined in 12 CFR 1807.104, means the financial assistance in the form of a grant made by the CDFI Fund to a Recipient pursuant to 12 CFR Part 1807.
CMF Unit	CMF Unit means (1) a single residential unit of Housing financed or supported with a CMF Award, rented or owned by a Family, with dedicated kitchen and bath facilities that meet the requirements of subparts D and E of 12 CFR Part 1807, as applicable or (2) a single-room occupancy (SRO) unit a group home, or an assisted living facility with shared common kitchen and bath facilities accompanied by an individual lease for each tenant the meets the requirements of subparts D and E of 12 CFR Part 1807.
Committed for Use	Committed for Use, as defined in 12 CFR 1807.104, means that the Recipient is able to demonstrate, in written form and substance that is acceptable to the CDFI Fund, a commitment for Eligible Use of CMF Award, as set forth in 12 CFR 1807.501.
Community Development Financial Institutions Fund (or CDFI Fund)	Community Development Financial Institutions Fund (or CDFI Fund), as defined in 12 CFR 1807.104, means the Community Development Financial Institutions Fund, the U.S. Department of the Treasury, established pursuant to the Community Development Banking and Financial Institutions Act of 1994, as amended, 12 U.S.C. 4701 et seq.
Community Service Facility	Community Service Facility, as defined in 12 CFR 1807.104, means the physical structure in which service programs directly benefit residents of nearby any affordable housing. These service programs serve residents of affordable housing and include, but are not limited to, health care, childcare, educational programs including literacy and after school programs, job training, food and nutrition services, arts, and/or social services, as set forth in the Assistance Agreement.
Concerted Strategy	Concerted Strategy, as defined in 12 CFR 1807.104, means a formal planning document that evidences the connection between Affordable Housing Activities and Economic Development Activities. Such documents include, but are not limited to, a comprehensive, consolidated, or redevelopment plan, or some other local or regional planning document adopted or approved by the jurisdiction.



Term	Definition
Construction Financing	Refers to financing of construction period costs associated with a Project's Development, Rehabilitation, and Preservation.
Consortium	A Consortium is comprised of a group of at least two, and no more than five, eligible, and unaffiliated CDFIs or nonprofit affordable housing developers/managers, applying for a CMF Award under this NOFA. The purpose of the Consortium must be to finance and support Affordable Housing, and Economic Development Activities, if applicable.
Consortium Approach	The Consortium Approach is the manner in which members of a Consortium apply for a CMF Award under this NOFA, wherein member Applications are evaluated both individually and as a Consortium.
Control	Control, as defined in 12 CFR 1807.104, means: (1) Ownership, control, or power to vote 25 percent or more of the outstanding shares of any class of Voting Securities of any company, directly or indirectly or acting through one or more other persons; (2) Control in any manner over the election of a majority of the directors, trustees, or general partners (or individuals exercising similar functions) of any company; or (3) The power to exercise, directly or indirectly, a controlling influence over the management, credit or investment decisions, or policies of any company.
Depository Institution Holding Company	Depository Institution Holding Company, as defined in 12 CFR 1807.104, means a bank holding company or a savings and loan holding company as each are defined in the Federal Deposit Insurance Act, 12 U.S.C. 1813(w).
Development	Development, as defined in 12 CFR 1807.104, means any combination of the following Project activities: land acquisition, demolition of existing facilities, and construction of new facilities, which may include site improvement, utilities development and rehabilitation of utilities, necessary infrastructure, utility services, conversion, and other related activities resulting in Affordable Housing.
Direct Administrative Expenses	Direct Administrative Expenses, as described in 2 CFR 200.413 of the Uniform Administrative Requirements, means direct costs incurred by the Recipient, related to the financing and/or in support of the Projects.
Economic Development Activity	Economic Development Activity, as defined in 12 CFR 1807.104, means the development, preservation, acquisition and/or rehabilitation of Community Service Facilities and/or other physical structures in which businesses operate in order to implement a Concerted Strategy to stabilize, sustain, or revitalize communities and neighborhoods physical proximate to any affordable housing benefiting a Low-Income Area or Underserved Rural Area.
Economic Development Activity Fund	Economic Development Activity Fund means an investment fund consisting of the CMF Award and any Leveraged Capital that the Recipient: (1) manages and makes investment decisions for; and (2) uses to finance Economic Development Activities in any combination of debt, grant, or equity, which



Term	Definition
	does not include the purchase of stock, securities, or the buy-out of partnership interests.
Effective Date	Effective Date, as defined in 12 CFR 1807.104, means the date that the Assistance Agreement is effective; such date is determined by the CDFI Fund after the Recipient has returned an executed, original Assistance Agreement, along with all required supporting documentation, including the opinion of counsel, if required.
Eligible Activities	Eligible Activities include: (i) Homeownership, (ii) Rental Housing, (iii) Economic Development Activities, (iv) Direct Administrative Expenses, and/or (v) Feasibility Determination Expenses. A CMF Award must support or finance activities that attract private capital for and increase investment in: (i) the Development, Preservation, Rehabilitation, or Purchase of Affordable Housing for primarily Low-, Very Low-, and Extremely Low-Income Families; and (ii) Economic Development Activities.
Eligible-Income	<p>Eligible-Income, as defined in 12 CFR 1807.104, means:</p> <p>(1) Having, in the case of owner-occupied Housing units, annual income not in excess of 120 percent of the area median income adjusted for Family size in the same manner as HUD makes these adjustments for its other published income limits</p> <p>(2) Having, in the case of rental housing units, annual income not in excess of 120 percent of the area median income, adjusted for Family size in the same manner as HUD makes these adjustments for its published income limits.</p>
Eligible Uses	Per § 1807.301 of the Interim Rule (effective June 25, 2024), Recipients must use the CMF Award to finance and support Affordable Housing Activities and/or Economic Development Activities through the following Eligible Uses: (i) to provide Loan Loss Reserves; (ii) to capitalize a Revolving Loan Fund; (iii) to capitalize an Affordable Housing Fund; (iv) to capitalize a fund to support Economic Development Activities; (v) for Risk-Sharing Loans; or (vi) to provide Loan Guarantees.
Eligible Project Costs	Eligible Project Costs, as defined in 12 CFR 1807.104, means all eligible development, financing, refinancing, acquisition, relocation, loan loss reserve, guarantee, predevelopment, and related soft costs incurred in achievement of Project Completion, as described in the Assistance Agreement, paid using a CMF Award and any Leveraged Capital.
Enterprise-Level Capital	Enterprise-Level Capital means capital earned, borrowed, or raised by the Recipient or its Affiliates which is designated for the Recipient’s use and



Term	Definition
	ultimately used to pay for Eligible Project Costs but is not initially restricted for use for specific properties at the time it is earned, borrowed, or raised.
Entity Approach	The Entity Approach is the manner in which the Applicant will be using the CMF Award. There are two types of Entity Approaches: (a) financing entities and (b) affordable housing developers/managers. Each Applicant will be required to specify which type of Entity Approach it will be using as part of the Application.
Extremely Low-Income	<p>Extremely Low-Income, as defined in 12 CFR 1807.104, means:</p> <p>(1) Having, in the case of owner-occupied housing units, income not in excess of 30 percent of the area median income, adjusted for Family size, as determined by HUD, except that HUD may establish income ceilings higher or lower than 30% of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low Family incomes; and</p> <p>(2) Having, in the case of rental housing units, income not in excess of 30% of the area median income, adjusted for Family size, as determined by HUD, except that HUD may establish income ceilings higher or lower than 30% of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low Family incomes.</p>
Expanded CMF High Opportunity Area (HOA) Criteria	<p>The CMF Program will accept an expanded definition of High Opportunity Area for areas that do not meet the Federal Housing Finance Agency definition, but instead meet a set of Expanded CMF HOA Criteria demonstrating the designated area(s) provide access to a combination of at least three of the following four criteria: (1) high-quality youth (K-12) education opportunities; (2) employment opportunities; (3) transportation opportunities; and/or (4) financial service opportunities. For a Project to qualify as being in a High Opportunity Area under the Expanded CMF HOA Criteria definition, the location of the Project must meet at least three of the four Expanded CMF HOA Criteria, and cannot be located in a Food Desert as identified by the U.S. Department of Agriculture (https://www.ers.usda.gov/data/fooddesert).</p>
Family or Families	Family or Families, as defined in 12 CFR 1807.104, means households of one or more persons living in the same dwelling unit. All persons in a household who are related by birth, marriage, or adoption are regarded as members of the Family. A Family may also include individuals living in a household who are not related to each other. Families must reside within the boundaries of the United States (which shall encompass any State or territory of the United States and the District of Columbia).



Term	Definition
Feasibility Determination Expenses	Feasibility Determination Expenses mean direct costs, as defined by the Uniform Administrative Requirements, and incurred by the Recipient to determine the feasibility of potential Affordable Housing Activities and/or Economic Development Activities to implement the CMF Award. These costs must be incurred before Project Commitments and cannot be deemed as Eligible Project Costs.
Financing Entity	An entity whose predominant business activity is the provision of arm’s length transactions and services to independent, unrelated parties, each acting in its own best interest. Such transactions support and promote affordable housing and/or community development through the provision of financial products that serve low-income communities, individuals or families with low incomes or underserved markets or communities.
High Opportunity Area (HOA)	For FY 2024, there are two HOA definitions: (A) Standard HOA criteria and (B) Expanded CMF HOA Criteria. The two criteria are defined in this Glossary.
HOME Program	HOME Program, as defined in 12 CFR 1807.104, means the HOME Investment Partnership Program established by the HOME Investment Partnerships Act under title II of the Cranston-Gonzalez National Affordable Housing Act, as amended, 42 U.S.C. 12701 et seq.
Homebuyer	Homebuyer means a Family that does not currently own any Single-family housing or is in the process of selling and replacing their primary residence. A Homebuyer may not own any other Single-family housing or Multi-family housing. (A Homebuyer includes a Family that owns a manufactured housing unit and is in the process of replacing or refinancing it or owns a manufactured housing unit as part of the conversion of a manufactured housing park to a tenant-owned park or cooperative.)
Homeownership	<p>Homeownership, as defined in 12 CFR 1807.104, means ownership in fee simple or by condominium, cooperative, mutual housing, or ground lease title interest in one- to four-unit Single-family housing or ownership of a manufactured housing unit. The ownership interest is subject to the following additional requirements:</p> <p>(1) Ownership interest may not merely consist of a right to possession under a contract for deed, installment contract, or land contract (pursuant to which the deed is not given until the final payment is made); and</p> <p>(2) Ownership interest is subject to the restrictions on affordability permitted under the assistance Agreement; mortgages, deeds of trust, or other liens or instruments securing debt on the property; or any other restrictions or encumbrances that do not impair the good and marketable nature of title to the ownership interest.</p>
Homeownership Program	Homeownership Program means an affordable housing program established by a Recipient for the purpose of providing direct financing or grants to Homebuyers to purchase Single-family housing.



Term	Definition
Housing	Housing, as defined in 12 CFR 1807.104, means Single-family and Multi-family residential units including, but not limited to, manufactured housing and manufactured housing lots, permanent housing, single-room occupancy (SRO) housing, assisted living, and group homes that are permanent in nature and not temporary, short term, transitional, or a dormitory.
Housing and Urban Development (HUD)	HUD, as defined in 12 CFR 1807.104, means the Department of Housing and Urban Development established under the Department of Housing and Urban Development Act of 1965, 42 U.S.C. 3532 et seq.
Indian Tribe	Indian Tribe means any Indian Tribe, band, pueblo, nation, or other organized group or community, including any Alaska Native village or regional or village corporation, as defined in or established pursuant to the Alaska Native Claims Settlement Act (43 USC 1601 <i>et seq.</i>). Each such Indian Tribe must be recognized as eligible for special programs and services provided by the United States to Indians because of their status as Indians.
Initial Occupancy	(a) For rental Affordable Housing, after the Project is Complete and Placed into Service and i) when at least ninety percent (90%) of all CMF Award financed and/or supported units within the property are occupied or ii) 12 months after the Project Completion date; (b) For Affordable Housing Homeownership, upon the occurrence of the transfer of equitable title to the homeowner; and (c) For owner-occupied Rehabilitation of Homeownership Affordable Housing only, at Project Completion pursuant to 12 CFR 1807.503.
Initial Payment	The first Payment from the CDFI Fund to the Recipient at Closing on the Assistance Agreement, in the case where a Recipient exercises its option to receive the CMF Award in two Payments. See related definitions of Subsequent Payment and Lump Sum Payment in this Glossary.
Insider	Any director, officer, employee, principal shareholder (owning, individually or in combination with family members, five percent (5%) or more of any class of stock), or agent (or any family member or business partner of any of the above) of the Recipient or of any Affiliate or Community Partner (as defined in 12 U.S.C. 4702(6)) of the Recipient.
Insured CDFI	Insured CDFI, as defined in 12 CFR 1807.104, means a Certified CDFI that is an Insured Depository Institution or an Insured Credit Union.
Insured Credit Union	Insured Credit Union, as defined in 12 CFR 1807.104, means any credit union, the member accounts of which are insured by the National Credit Union Share Insurance Fund by the National Credit Union Administration pursuant to authority granted in 12 U.S.C. 1783 et seq.
Insured Depository Institution	Insured Depository Institution, as defined in 12 CFR 1807.104, means any bank or thrift, the deposits of which are insured by the Federal Deposit Insurance Corporation as determined in 12 U.S.C. 1813(c)(2).
Investment Period	Investment Period, as defined in 12 CFR 1807.104, means the period beginning with the Effective Date and ending on the fifth year anniversary of



Term	Definition
	the Effective Date, or such other period as may be established by the CDFI Fund in the Assistance Agreement.
LIHTC Program	LIHTC Program means the Low Income Housing Tax Credit Program as authorized under Section 42 of the Internal Revenue Code of 1986, as amended.
Leveraged Capital	Leveraged Capital, as defined in 12 CFR 1807.104, means capital for Affordable Housing Activities and Economic Development Activities that exceed the dollar amount of the CMF Award, as further described in 12 CFR 1807.500.
Loan Guarantee	Loan Guarantee, as defined in 12 CFR 1807.104, means the Recipient’s use of CMF Award to support an agreement to indemnify the holder of a loan all or a portion of the unpaid principal balance in case of default by the borrower. The proceeds of the loan that is guaranteed with the CMF award must be used for Affordable Housing Activities and/or Economic Development Activities.
Loan Loss Reserves	Loan Loss Reserves, as defined in 12 CFR 1807.104, means proceeds from the CMF Award that the Recipient will set aside in the form of cash reserves, or through accounting-based accrual reserves, to cover losses on loans, accounts, and notes receivable for Affordable Housing Activities and/or Economic Development Activities, or for related purposes that the CDFI Fund deems appropriate.
Low-Income	<p>Low-Income, as defined in 12 CFR 1807.104, means:</p> <p>(1) Having, in the case of owner-occupied Housing units, income not in excess of 80 percent of area median income, adjusted for Family size, as determined by HUD, except that HUD may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low Family incomes; and</p> <p>(2) Having, in the case of rental Housing units, income not in excess of 80 percent of area median income, adjusted for Family size, as determined by HUD, except that HUD may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low Family incomes.</p>
Low-Income Area (or LIA)	Low-Income Area (or LIA), as defined in 12 CFR 1807.104, means a census tract in which the median family income does not exceed 80 percent of the area median income. With respect to a census tract located within a Metropolitan Area, the median family income shall be at or below 80 percent of the Metropolitan Area median family income or the national Metropolitan Area median Family income, whichever is greater. In the case



Term	Definition
	of a census tract located outside of a Metropolitan Area, the median family income shall be at or below 80 percent of the statewide Non-Metropolitan Area median family income or the national Non-Metropolitan Area median family income, whichever is greater.
Low Income Housing Tax Credits (or LIHTC)	Low Income Housing Tax Credits (or LIHTC), as defined in 12 CFR 1807.104, means credits against income tax under section 42 of the Internal Revenue Code of 1986, as amended, 26 U.S.C. 42.
Lump Sum Payment	One single Payment, subject to the terms and conditions of the Assistance Agreement, which comprises the entire CMF Award. See related definitions of Subsequent Payment and Lump Sum Payment in this Glossary.
Management Letter	The Management Letter is prepared by the Applicant’s auditor and provides communication on internal control over financial reporting, compliance, and other matters. It may include suggestions for improving identified weaknesses and deficiencies and/or best practice suggestions for items that may not be considered to be weaknesses or deficiencies. The Management Letter may also include items that are not required to be disclosed in the annual audited financial statements. The Management Letter is distinct from the auditor’s Opinion Letter, which is required by Generally Accepted Accounting Principles (GAAP). Management Letters are not required by GAAP and are sometimes provided by the auditor as a separate letter from the audit itself.
Material Weakness	Material Weakness shall mean a reportable condition, in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level the risk that misstatements caused by error or fraud, in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.
Metropolitan Area	Metropolitan Area, as defined in 12 CFR 1807.104, means an area designated as such by the Office of Management and Budget pursuant to 44 U.S.C. 3504(e) and 31 U.S.C. 1104(d) and Executive Order 10253 (3 CFR, 1949–1953 Comp., p. 758), as amended.
Multi-Family Housing	Multi-family Housing, as defined in 12 CFR 1807.104, means residential properties consisting of five or more dwelling units, such as a condominium unit, cooperative unit, apartment, or townhouse.
Non-Metropolitan Area	Non-Metropolitan Area, as defined in 12 CFR 1807.104, means counties that are designated as Non-Metropolitan Counties by the Office of Management and Budget (OMB) pursuant to 44 U.S.C. 3504(e) and 31 U.S.C. 1104(d) and Executive Order 10253 (3 CFR Part 1949-1953 Comp., p.758), as amended, and as made available by the CDFI Fund for a specific application funding round.



Term	Definition
Nonprofit Organization	<p>Nonprofit Organization, as defined in 12 CFR 1807.104, means any corporation, trust, association, cooperative, or other organization that is:</p> <ul style="list-style-type: none"> (1) Designated as a nonprofit or not-for-profit entity under the laws of the organization's State of formation; and (2) Exempt from Federal income taxation pursuant to the Internal Revenue Code of 1986, with the exception of organizations affiliated with Indian Tribes; and (3) Able to demonstrate that a share of its total assets is dedicated to the development or management of affordable housing.
Notice of Funds Availability (or NOFA)	<p>Notice of Funds Availability (or NOFA) means the notice published by the CDFI Fund in the Federal Register that announced the availability of funds for the applicable Capital Magnet Fund Application round.</p>
Payment	<p>Payment, as defined in 12 CFR 1807.104, means the transmission of CMF Award dollars from the CDFI Fund to the Recipient.</p>
Permanent Financing	<p>Long-term maturity mortgage loan (e.g. 15-30 years). In real estate projects, permanent financing is obtained after completion of construction, usually to repay shorter term, non-permanent debt such as construction loans or bridge financing.</p>
Permanent Housing	<p>Permanent Housing means Housing that is owned or is rented under a written lease with an initial lease term of six months or more,</p>
Placed Into Service	<p>In the case of the Development, Rehabilitation and/or Preservation of rental Affordable Housing, after Project Completion is achieved and the property is otherwise ready for occupancy as evidenced by a certificate of occupancy.</p>
Predevelopment Financing	<p>Refers to the financing costs related to the early stages of development, including such costs of permitting, financial feasibility analysis, market studies, financing applications, legal fees, architectural fees, and engineering fees. Such costs are specific to a Project where a Project Commitment has been made.</p>
Preservation	<p>Preservation, as defined in 12 CFR 1807.104, means the acquisition, refinancing, recapitalization, of existing Multi-family rental housing or Single-family housing, with or without Rehabilitation, to create, maintain, or extend the affordability requirements as provided in subpart D of the CMF Interim Rule (effective June 25, 2024). Preservation may include the refinancing of owner-occupied Single-family housing or Multi-family rental housing to extend existing affordability restrictions set to expire during the Investment Period, or other timeline as defined by the CDFI Fund, by at least an additional 10 years. Preservation may also include the imposition of a new Affordability Period on housing not currently subject to affordability restrictions.</p>



Term	Definition
Presumptively Compliant or Presumptive Compliance	Presumptively Compliant or Presumptive Compliance means certain rules, requirements, and designations under other Federal housing programs that the CDFI Fund deems to meet certain CMF requirements.
Private Leverage Capital	Private Leverage Capital means investments or loans the Applicant/Recipient, or Projects financed and/or supported by the Applicant/Recipient, received from private entities, whose origin is not public funds. Examples include private activity bonds, LIHTC equity, other equity investments, lines of credit, loans, or other investments from private sources, such as banks, private investors or philanthropic entities that are made to the Recipient or Projects.
Program Income	Program Income, as defined in 12 CFR 1807.104, means gross income, as further described in 2 CFR Part 1000.
Project	Project means a specific Affordable Housing Activity, Economic Development Activity, or Homeownership Program the Recipient uses its CMF Award to finance or support, resulting in Project Completion.
Project Commitment	Project Commitment means that the Recipient is able to demonstrate, in written form and substance that is acceptable to the CDFI Funds, a commitment to a Project.
Project Completion	Project Completion, as defined in 12 CFR 1807.104, means that all of the requirements set forth at 12 CFR 1807.503 for a Project have been met.
Project-Level Leverage	Project-Level leverage is the amount of public or private financing provided directly to the Project by sources other than the CMF Award. It is capital used to pay Eligible Project Costs that is restricted to a specific project when it is raised. Project-Level leverage can, among other things, include mortgages secured by the property, proceeds from the sale of bonds, equity investment raised through LIHTC, deferred developer fees, loans and grants from local and state government made directly to a specific Project. Project-Level leverage does not include Enterprise-Level Capital or Reinvestments.
Purchase	Purchase, as defined in 12 CFR 1807.104, means to provide direct financing to a qualified Family for purposes of Homeownership; or to a developer or project sponsor for the acquisition of rental Housing which meet the qualifications set forth in subparts D and E of 12 CFR Part 1807.
Recipient	Recipient, as defined in 12 CFR 1807.104, means an Applicant selected by the CDFI Fund to receive a CMF Award pursuant to 12 CFR Part 1807.
Refinancing	Refinancing means replacing a current real estate mortgage loan with a new loan.
Regulated Institutions	Regulated Institutions include Insured Credit Unions, Insured Depository Institutions, State-Insured Credit Unions, and Depository Institution Holding Companies.



Term	Definition
Rehabilitation	Rehabilitation, as defined in 12 CFR 1807.104, means any repairs and/or capital improvements that contribute to the long-term preservation, current building code compliance, habitability, sustainability, or energy efficiency of Affordable Housing.
Reinvestment	The reallocation of repaid CMF Award and/or Enterprise-Level Capital into new eligible activities within the established Investment Period. This can include Program Income in the form of repaid principal from loans and equity that are redeployed after the original deployment.
Revolving Loan Fund	Revolving Loan Fund, as defined in 12 CFR 1807.104, means a pool of funds managed by the Applicant or the Recipient wherein repayments on loans for Affordable Housing Activities or Economic Development Activities are used to refinance additional loans.
Risk-Sharing Loan	Risk-Sharing Loan, as defined in 12 CFR 1807.104, means loans for Affordable Housing Activities and/or Economic Development Activities in which the risk of borrower default is shared by the Applicant or Recipient with other lenders (e.g., participation loans).
Rural Areas	The term Rural Areas is defined per 12 CFR 1282.1 (Enterprise Duty To Serve Final Rule) as (i) A census tract outside of a Metropolitan Statistical Area as designated by the Office of Management and Budget; or (ii) A census tract in a Metropolitan Statistical Area as designated by the Office of Management and Budget that is outside of the Metropolitan Statistical Area's Urbanized Areas, as designated by the U.S. Department of Agriculture's (USDA) Rural-Urban Commuting Area (RUCA) Code #1, and outside of tracts with a housing density of over 64 housing units per square mile for USDA's RUCA Code #2. The CDFI Fund publishes a dataset indicating which census tracts are designated as Rural Areas for each funding round on its website.
Secondary Market Mortgage	Second Market Mortgage means a mortgage: (1) originated by a qualified third party lender as defined in guidance by the CDFI Fund and purchased by the Recipient in 12 months or less from the date of its origination using a CMF Award and evidenced by an agreement that meets subparts C, D, and E of 12 CFR Part 1807; (2) for which the source of the origination is not the CMF Award; and (3) that would not have been originated but for the Recipient's Secondary Market Mortgage Purchase.
Secondary Market Mortgage Purchase	Secondary Market Mortgage Purchase means the purchase of a Secondary Market Mortgage.
Standard High Opportunity Area (HOA) Criteria	Shall mean the definition of High Opportunity Area (HOA) found in the Federal Housing Finance Agency's Duty to Serve Rule (12 CFR §1282.1), effective as of the date of the publication of this NOFA. This term is defined as: (a) An area designated by the Department of Housing and Urban Development (HUD) as a "Difficult Development Area" during any year covered by an Enterprise's Underserved Markets Plan (Plan) or in the year prior to a Plan's Effective Date, whose poverty rate falls below 10% (for Metropolitan areas) or below 15% (for Non-Metropolitan areas); or (b) an area designated by a state or local Qualified Allocation Plan (QAP) as a high



Term	Definition
	opportunity area whose poverty rate falls below 10% (for Metropolitan areas) or 15% (for Non-Metropolitan areas). The CDFI Fund publishes a dataset on its website indicating which census tracts are designated as High Opportunity Areas for each funding round.
Service Area	Service Area, as defined in 12 CFR 1807.104, means the geographic area in which the Applicant proposes to use the CMF Award, and the geographic area approved by the CDFI Fund in which the Recipient must use the CMF Award as set forth in its Assistance Agreement.
Single-Family Housing	Single-family housing, as defined in 12 CFR 1807.104, means a one- to four-Family residence, a condominium unit, a cooperative unit, mutual housing, a combination of manufactured housing and lot, or a manufactured housing unit only.
Site Development Financing	Refers to financing costs associated with real estate site improvements that are needed before construction of a building may begin. Examples include the following: obtaining permits for inspection, soil test, septic system inspection and installation, water and sewer connections, utilities, survey, engineering inspection, clearing, grading, site drainage, landscaping, paving, etc.
State	State, as defined in 12 CFR 1807.104, means the states of the United States, the District of Columbia, or any territory of the United States.
State-Insured Credit Union	State-Insured Credit Union, as defined in 12 CFR 1807.104, means any credit union that is regulated by, and/or the member accounts of which are insured by, a State agency or instrumentality.
Subsequent Payment	The second Payment representing the balance of the CMF Award, in the case where a Recipient exercises its option to receive the CMF Award in two Payments. See related definitions of Subsequent Payment and Lump Sum Payment in this Glossary.
Subsidiary	Subsidiary, as defined in 12 CFR 1807.104, means any company that is majority owned or Controlled directly or indirectly by another company. For purposes of ownership, a Subsidiary’s parent company possesses more than 50 percent ownership of the Subsidiary.
Third Party	A separate legal entity that is not the Applicant. An Affiliate of the Recipient is considered a third party if it is a separate legal entity from the Recipient.
Title VI Compliance Worksheet	<p>An annual report requirement wherein the CDFI Fund requires that all Applicants, as well as their prospective subrecipients that are not direct beneficiaries of federal financial assistance (i.e., Depository Institutions Holding Company and their Subsidiary Depository Institutions), complete once annually to demonstrate how they are complying with the Civil Rights Act of 1964. The term “Title VI” is shorthand for Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.), which broadly contains federal civil rights laws and regulations.</p> <p>For reference, the questions on the Title VI Compliance Worksheet can be found at: https://www.cdfifund.gov/sites/cdfi/files/2023-11/CDFI_Fund_CR_ComplianceWorksheet_final.pdf.</p>



Term	Definition
Underserved Rural Area	Underserved Rural Area, as defined in 12 CFR 1807.104, means all Rural Areas as defined as a census tract that meets the definition of Rural Area per 12 CFR 1282.1 (Enterprise Duty to Serve Final Rule) that is: a census tract outside of a Metropolitan Statistical Area (MSA) as designated by the Office of Management and Budget (OMB); or a census tract in an MSA as designated by OMB outside the MSA’s Urbanized Area, as designated by the U.S. Department of Agriculture (USDA) Rural-Urban Commuting Area (RUCA) Code #1, and outside tracts with a housing density over 64 housing units per square mile for USDA’s RUCA Code #2.
Uniform Administrative Requirements	Uniform Administrative Requirements, as defined in 12 CFR 1807.104, means the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200).
Unique Entity Identifier (UEI)	<p>A UEI is a unique 12-character, alpha-numeric value used to uniquely identify an entity that does business with the federal government.</p> <p>On April 4, 2022, the federal government stopped using the DUNS Number to uniquely identify entities. As of that date, entities doing business with the federal government must use the Unique Entity Identifier (UEI) created in SAM.gov.</p>
Very Low-Income	<p>Very Low-Income, as defined in 12 CFR 1807.104, means:</p> <p>(1) Having, in the case of owner-occupied housing, income not greater than 60 percent of the area median income with adjustments for family size, as determined by HUD, except that HUD may establish income ceilings higher or lower than 60 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low Family incomes; and</p> <p>(2) Having, in the case of rental housing, income not greater than 60 percent of the area median income, with adjustments for family size, as determined by HUD, except that HUD may establish income ceilings higher or lower than 60 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low Family incomes.</p>

IV. Public Burden Statements

OMB Approval No. 1559-0054



Paperwork Reduction Act Notice.

The submission requirements are provided to Recipients for awards under the Capital Magnet Fund (CMF). Recipients are not required to respond to this collection of information unless it displays a currently valid Office of Management and Budget (OMB) control number. The estimated average burden associated with this collection of information is 100 hours per Recipient. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Program Manager, Office of Compliance Monitoring and Evaluation, Department of the Treasury, Community Development Financial Institutions Fund, 1500 Pennsylvania Avenue, NW, Washington, D.C. 20220.

All materials are available on the CDFI Fund Website: www.cdfifund.gov

Catalog of Federal Domestic Assistance Number: 21.011