

performance rating system, entitled "PLUM," that will grade each CDFI according to its overall financial strength and potential for creating community development impact. Initially, PLUM will serve as the Fund's portfolio risk rating tool. PLUM will cover four areas: Performance effectiveness/community development impact; Leverage, liquidity and solvency; Underwriting (including portfolio quality); and Management. The Fund will analyze and grade several indicators under each of those areas, and aggregate them into an overall rating. The Fund is currently conducting the analyses needed to identify appropriate peer groups and target ranges for each indicator. Based on this information, the Fund will conduct targeted analyses of its portfolio, highlight "best practices" that can be shared with the CDFI field, and better assess CDFIs' ability to expand or stabilize underserved market areas. In order that additional data can be collected for the Fund's analyses, indicators within the above four areas have been incorporated into the FY 2003 Financial Assistance Component application.

VIII. Reporting and Monitoring

The Fund will collect information, on at least an annual basis, from all CDFI Program awardees, including:

- (a) Annual reports related to, among other matters, awardee compliance with the performance goals and measures set forth in the Assistance Agreement;
- (b) Audited financial statements;
- (c) Annual surveys; and
- (d) Such other information that the Fund may require, including loan level data. The Fund will use such information to monitor each awardee's compliance with the requirements set forth in the Assistance Agreement. The Fund will also use such information to assess the impact of the CDFI Program.

The Fund reserves the right, in its sole discretion, to modify these reporting requirements if it determines it to be appropriate and necessary; however, such reporting requirements will be modified only after due notice to the awardee.

The Fund reserves the right, in accordance with applicable Federal law and if authorized, to charge award reservation and/or compliance monitoring fees to all entities receiving CDFI Program awards. Prior to imposing any such fee, the Fund will publish additional information concerning the nature and amount of the fee.

X. Accounting

The Fund will require each awardee that receives FA and TA under this NOFA to account for and track the use of said FA and TA awards. This means that for every dollar of FA and TA received from the Fund, the awardee will be required to inform the Fund of its specific uses. This may require awardees to establish separate administrative and accounting controls, subject to the applicable OMB Circulars. OMB Circular A-110 (Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations) states that, as applicable, recipients of Federal funds "must be able to account for the receipt, obligation, and expenditure of funds." Further, OMB Circular A-110 states that "Recipients shall maintain advances of Federal funds in interest bearing accounts unless (1), (2), or (3) apply:

- (1) The recipient receives less than \$120,000 in Federal awards per year;
- (2) The best reasonably available interest bearing account would not be expected to earn interest in excess of \$250 per year on Federal cash advances; or
- (3) The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources." The Fund will provide guidance to awardees outlining the format and content of the information to be provided on an annual basis, outlining and describing how the funds were used.

XI. Information Sessions

In connection with the Fiscal Year 2003 funding rounds of its programs, the Fund may conduct Information Sessions to disseminate information to organizations contemplating applying to, and other organizations interested in learning about, the Technical Assistance and Financial Assistance Components of the CDFI Program, the NACD Program, and the BEA Program. For further information on the Fund's Information Sessions, dates and locations, or to register online to attend an Information Session, please visit the Fund's Web site at <http://www.cdfifund.gov> or call the Fund at (202) 622-8401.

Catalog of Federal Domestic Assistance: 21.020.

Authority: 12 U.S.C. 4703, 4703 note, 4704, 4706, 4707, 4717; 12 CFR part 1805.

Dated: January 27, 2003.

Tony T. Brown,

Director, Community Development Financial Institutions Fund.

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DEPARTMENT OF THE TREASURY

Community Development Financial Institutions Fund

Notice of Funds Availability (NOFA) Inviting Applications for the Community Development Financial Institutions Program, the Native American CDFI Development Program, and the Bank Enterprise Award Program

AGENCY: Community Development Financial Institutions Fund, Department of the Treasury.

ACTION: Preamble for Notices of Funds Availability ("NOFA") inviting applications for the FY 2003 funding round of the Technical Assistance Component and Financial Assistance Component of the Community Development Financial Institutions ("CDFI") Program, the Native American CDFI Development ("NACD") Program, and the Bank Enterprise Award ("BEA") Program.

SUMMARY:

I. Legislative Background

The Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4701 *et seq.*) (the "Act") authorizes the Community Development Financial Institutions Fund (the "Fund") of the U.S. Department of the Treasury to promote economic revitalization and community development through investment in and assistance to Fund-certified community development financial institutions ("CDFIs") through the CDFI Program. The Act also authorizes the Fund to provide incentives, through the BEA Program, to insured depository institutions for the purposes of promoting investments in or other support to CDFIs and facilitating increased lending and provision of financial and other services in economically distressed communities. In addition, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002 (Pub. L. No. 107-73) authorizes the Fund to provide technical assistance grants to promote economic development in Native American, Alaska Native and Native Hawaiian communities by building the capacity of