CDFI Fund Awards and Assistance Agreements:

What Winning Credit Unions Need to Know

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Being a CDFI is who you are, not what you do.

New CDFI Fund Director: From Chris Miller

Recertification (was due Sept 2025/not all have been processed)

- It was never intended to take this long.
- He is going to land this plane (as softly as possible).
- The unknown is unhealthy for the industry.
- They are very close to getting through the backlog of recertifications.

New Certifications – Proposal Out for Comment

- Proposal eliminates accountability requirements because CDFI governing boards should focus on governing.
- Accountability will be judged by whether a CDFI hits its thresholds, by looking at outcome accountability, not board make-up accountability.

What Is Happening at the CDFI Fund: From Chris Miller

FY26 FA/TA

- Full funding approved in FY 2026 Appropriations legislation.
- Next grant round is coming soon, but rumors that the CDFI Fund is opening the application imminently are not true.
- Possible openings: end of 2026 / early 2027.

FY 2027 FA/TA

- In the appropriations process with Congress, at the $324 million level from the House Appropriations Committee.
- Federal government is funded through December 11, 2026.
- Congress has to decide what to do AFTER the mid-term elections.

Source: Chris Miller, CDFI Fund Director

CDFI Fund Awards: Assistance Agreements

FY 2025 FA Awards, remaining FY 2025 TA Awards, and FY 2026 SDL Award have all been announced.

- **CDFI Fund anticipates issuing proposed Assistance Agreements to successful applicants, for all programs, in early November 2026.***
  - **~10 business days:** Typical time to send the initial payment after you execute the agreement.
- **CU Strategic Planning will help you understand the draft changes at the macro level now and at the micro level when your agreement arrives.**

* Source: joint status report, Freedom Economy Business Association v. U.S. Department of the Treasury and the CDFI Fund

Award Agreement Roadmap: FA, TA and SDL

1. **Understanding your specific Assistance Agreement**
   What varies by program and recipient
2. **Changes in agreement language**
   Brief overview, including eligible-market terminology
3. **Allowable uses of award funds**
   FA, TA and SDL distinctions
4. **Award payments and disbursements**
   Initial payments, the 90% rule and expenditure planning
5. **Interest on unspent award funds**
   Repayment requirements and threshold
6. **Performance goals**
   Different categories and proportional adjustments for partial awards
7. **Financial tracking and reporting**
   Use categories, the SF-425 and necessary recordkeeping
8. **Next steps and individual assistance**
   Reviewing agreements and preparing to meet ongoing requirements

Your Agreement Is Specific to You

By program

- FA, TA and SDL each have their own authorized uses and goals.
- An FA agreement can combine Base-FA, PPC-FA, DF-FA and HFFI-FA components.

By recipient

- Some uses are limited to Regulated Institutions.
- Matching funds and form of award are set per recipient.
- Deploy in an Eligible Market or Target Market.

By award terms

- Initial payment amount.
- Period of Performance and deployment deadlines.
- Performance goals and the reporting schedule.

Know what your credit union has agreed to do, then build the processes to follow through.

Assistance Agreement: Table of Contents

Only items marked YES are required for credit unions

Table of Contents		
Schedule	*Description*	*Applicable if marked "Yes"*
	Signature Page	Yes
1.	Performance Goals and Reporting A. Annual Reports B. Annual Report Submission Deadlines C. Performance Goals	Yes
2.	General Award Terms and Conditions	Yes
3-A.	Certificate of Good Standing	
3-B.	Opinion of Recipient Counsel	
4-A.	Representations and Warranties: Equity Investment	
4-B.	Stock Certificate: Equity Investment	
4-C.	Articles of Incorporation: Equity Investment	
4-D.	Bylaws: Equity Investment	
4-E.	Capitalization: Equity Investment	
4-F.	Options and Warrants: Equity Investment	
4-G.	Shareholder List	
4-H.	Certification of Stock Issuance	
Attachment A.	Promissory Note	
Attachment B.	Loan Repayment Schedule	

Not applicable to credit unions

What's Changed in the Agreement

Eligible Market definition

- The FY 2025 draft template defines Eligible Market as (i) a geographic area meeting 12 CFR 1805.201(b)(3)(ii), or (ii) Low-Income, Native American, Native Hawaiian or Alaska Native individuals, or Persons with Disabilities.
- African-Americans, Hispanics and other groups were removed

New compliance language

- **Section 5.1:** now names four recent Executive Orders (14332, 14173, 14281 and 14218).
- **Section 7.16(b):** may not provide financial products or services in a way that violates federal anti-discrimination law, including race-, ethnicity- or sex-based preferences or set-asides. Keep compliance policies and attest annually.
- **Section 5.2:** fraud, waste and abuse language expanded. Enforcement can include termination, repayment, suspension or debarment, and civil or criminal referral.

Why it matters

Eligible Market status affects where award dollars can go and what you attest to. The new compliance sections add policy, attestation and enforcement duties. Review them with your compliance team.

3.7 Authorized Financial Assistance Activities

(a) The Recipient must use the Financial Assistance prior to the end of the Period of Performance to support its activities in the following areas:

(i)
Financial Products

(ii)
Financial Services
Regulated Institutions only

(iii)
Development Services

(iv)
Loan Loss Reserves

(v)
Capital Reserves
Regulated Institutions only

(vi)
Direct Administrative Expenses

Other limits: HFFI-FA may not be used for loan purchases, loan refinancings, financing for prepared food outlets, or Financial Services. DF-FA may not be used for Capital Reserves.

Definitions

Financial Services

Checking, savings accounts, check cashing, money orders, certified checks, automated teller machines, deposit taking, safe deposit box services, and other similar services.

Financial Products

Loans, equity investments, loan guarantees and similar financing activities.

Development Services

Activities undertaken by a CDFI that promote community development and prepare or assist current or potential borrowers to use the Recipient's Financial Products or Financial Services.

"… shall mean" – definitions as stated in the Assistance Agreement

FA Award Details and Disbursement

Base Award Amount

PPC if Applicable

Financial Assistance					
Award Type	**Base Financial Assistance (Base-FA)**	**Persistent Poverty Counties Financial Assistance (PPC-FA)**	**Disability Funds Financial Assistance (DF-FA)**	**HFFI Financial Assistance (HFFI-FA)**	
Award Amount					
Matching Funds: [Applicable or Not Applicable]				Not Applicable	
Award Type	**Initial Payments**	**Form of Award**			
		Grant	**Loan**	**Equity**	**Total**
Base-FA, DF-FA, and PPC-FA					
HFFI-FA					

Initial Payment

5-1 Deployment of the Award – 90% Rule

Year 1 is September 2026 - YE 2027

Deployment of the Financial Assistance Award: At the end of the first year of the Period of Performance and at the Period of Performance End Date, the Recipient must expend the Financial Assistance (Base-FA, and, as applicable, HFFI-FA, DF-FA, and/or PPC-FA) for Authorized Financial Assistance Activities pursuant to Section 3.7 of Schedule 2 (General Award Terms and Conditions) in an Eligible Market(s) and/or in the Recipient's approved Target Market in an amount equal to or greater than the amounts specified below:

	% of Total FA Award	Dollar Amount of FA Award to be expended ($)
Period of Performance, Year 1	90% of Initial FA Payment	
Period of Performance Year 3	100% of Total FA Award	

Expenditure Planning: Example Initial Payment

$668,000
Initial payment

$601,200
90% of the initial payment, due by the end of Year 1

$1,035,000
100% of the total FA award, due by the end of Year 3

Your initial payment dependent on your award

- The Year 1 test is 90% of the initial payment, so a larger initial payment means a larger spending floor.
- Build a Year 1 deployment forecast: loan pipeline, loss reserve contributions, services and direct administrative costs.
- Compare that forecast with the initial payment in your agreement. If they do not match, you can request a modification (next slide).
- Track spending against the forecast every month, by use category.

Illustrative figures: (Base-FA $550,000 + PPC-FA $485,000). Your amounts will differ.

Interest on Unspent Award Funds

- Award funds held in deferred income before they are spent may earn interest (not booked).
- Interest earned above the threshold is reported in your Uses of Award Report.
- Interest above the threshold must be repaid to the CDFI Fund.

How to handle it

- Decide where award funds will sit before they are spent.
- Track interest separately from the award funds, by federal fiscal year.
- Deploy on plan: less idle cash, less interest to track.

$500

threshold

Interest earned on award funds in excess of $500 is a line item in the Uses of Award Report.

Financial Tracking and Reporting

Use categories

- Track every award dollar by authorized use.
- Financial Products and Financial Services
- Development Services
- Loan Loss and Capital Reserves
- Direct Administrative Expenses

SF-425

- Federal Financial Report: award funds spent in the federal fiscal year (Oct 1 – Sep 30).
- Submitted in AMIS every year of the Period of Performance.
- Due October 15.

Recordkeeping

- Keep support for every award expenditure.
- Reconcile award activity to your general ledger.
- Document how grant revenue is recorded (NCUA Letter 16-01).

Schedule 1 annual reports: FSA report, TLR, Performance Progress Report, Uses of Award Report and ACR. CUs do not need a Single Audit.

NCUA Letter 16-01: Grant Accounting

NCUA Supervisory Letter No. 16-01, Section III. Grant Accounting (September 19, 2016), says the following about recording your award:

Accounting for CDFI grant revenue can differ based on the type of grant award and its characteristics. Examiners will review CDFI grant agreements to determine whether a grant includes restrictions and/or conditions. CDFI Financial Assistance (FA) grants normally include conditions; CDFI Technical Assistance (TA) grants are typically restricted to a specific purpose and may include conditions.

Credit unions often receive disbursement of both TA and FA grants in a single payment after a grant agreement has been executed and the grant period has commenced. The timing of typical CDFI grant accounting entries depends on:

- When a credit union has an executed grant agreement,
- When a credit union receives grant disbursement(s), and
- When a credit union earns the grant revenue.

CUs Do NOT Need a Single Audit

Does a credit union need to get an A-133 (single) audit?

The CDFI Fund statute and rules do not indicate which organizations will be required to have a single or program specific audit. However, the rules at 12 CFR 1805.803(e)(1)(i) provide instructions for non-profit organizations that are required to have the audit pursuant to the Uniform Requirements. **Ergo, the CDFI Fund is deferring to the Uniform Requirements on whether or not you need to get the single audit.**

The Uniform Requirements (2 CFR 200.501) require Non-Federal Entities that expend more than $1 million during a fiscal year in federal awards to have a single or program-specific audit.

A Non-Federal Entity (2 CFR 200.1) is defined as:

"Non-Federal Entity (NFE) means a State, local government, Indian tribe, Institution of Higher Education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient."

The Uniform Requirements (2 CFR 200.1) define "Nonprofit Organization":

Nonprofit organization means any corporation, trust, association, cooperative, or other organization, not including IHEs, that:

(1) Is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest;

(2) Is not organized primarily for profit; and

(3) Uses net proceeds to maintain, improve, or expand the operations of the organization.

CUs do not meet all 3

1A. Transaction Level Report (TLR)

Yes	**Transaction Level Report (TLR)**	The Recipient must submit a TLR to the CDFI Fund. If the Recipient is a Depository Institution Holding Company (DIHC) that deploys all or a portion of its Financial Assistance through its Subsidiary Insured Depository Institution, the Depository Institution Holding Company must create and submit the TLR for this award. The Subsidiary Insured Depository Institution does not create and submit a TLR related to this award. **Form of Submission: Recipient's AMIS account.**

Every loan made by a credit union in the period described must be geocoded and reported to the CDFI Fund.

Performance Progress Report

Yes	**Performance Progress Report**	Recipient must submit the Performance Progress Report to the CDFI Fund. The Recipient Depository Institution Holding Company must submit all such deployed activity in a Performance Progress Report, even if a portion or all of its Financial Assistance is deployed through a Subsidiary Insured Depository Institution. **Form of Submission: Recipient's AMIS account.**

Uses of Award Report

Yes	**Uses of Award Report**	Recipient must submit the Uses of Award Report to the CDFI Fund. The Recipient Depository Institution Holding Company must submit all such deployed activity in a Uses of Award Report, even if a portion or all of its Financial Assistance is deployed through a Subsidiary Insured Depository Institution. **Form of Submission: Recipient's AMIS account.**

ACR and 425

5.7 Obtain/Maintain CDFI Certification; Maintain Status as an Insured Credit Union, State-Insured Credit Union, Depository Institution Holding Company or Insured Depository Institution.

(a) If the Recipient is certified as a CDFI as of the Federal Award Date, the Recipient shall do all things necessary to preserve, renew and keep in full force and effect its certification as a CDFI, including but not limited to, filing an ACR annually as outlined in your organization's CDFI Certification Agreement.

Yes	**Federal Financial Report/OMB Standard Form 425**	Recipient must submit the SF-425 Federal Financial Report annually to disclose how much of the award funds were expended during the Federal Government's fiscal year of October 1 through
		September 30, as well as the cumulative amount expended as of the award announcement date through the end of the most recent completed federal fiscal year. **Form of Submission: Recipient's AMIS account.**

Review Your Agreement: Checklist

Review your agreement

1. Confirm award components, amounts and the initial payment.
2. Note every deadline: Year 1 deployment, final deployment, SF-425 and other reports.
3. Confirm authorized uses and performance goals for each award type.
4. Check that planned uses fall in an Eligible Market or your Target Market.

Prepare to meet ongoing requirements

5. Build your expenditure forecast and track spending by use category.
6. Set up interest tracking and a records process.
7. Assign owners and build a reporting calendar.
8. Decide how you will sign and manage compliance: on your own or with CUSP.

When your agreement arrives, CU Strategic Planning can walk through it with you.

Signing the Assistance Agreement

CUSP Grant Reporting will get you to the end goal: getting the money in hand.

The Assistance Agreement needs to be signed digitally in AMIS.

Option 1 – We handle it

- Sign the Grant Reporting Agreement.
- DocuSign allows us to accept the award for you.
- We take care of everything compliance-related for the 3+ years.

Option 2 – You do it

- You sign it in AMIS yourself.

How Our Grant Reporting Helps

What's at stake

- The Assistance Agreement is a legally binding contract.
- Reporting runs 3+ years: SF-425 each October, Uses of Award reports and annual reports.
- Failing to file annual reports, or to tell the CDFI Fund about a Material Event, can put you out of compliance.

What we do

- DocuSign the Grant Reporting Agreement and complete all compliance work for the 3 years of the grant.
- Full access to our Compliance Team during the 3-year term.
- Reports prepared for you and submitted to the CDFI Fund, with loan-data templates for geocoding.

Next Steps – Coming Soon

1. **Sign your Award Agreement electronically in AMIS**

2. **Review the Grant Reporting Proposal from CU Strategic Planning**
   - All three years of reports prepared for you and submitted to CDFI
   - Templates for loan data for geocoding and uploading to CDFI

3. **Sign to go for the 2027 FA Award**

4. **Sign up for quarterly reviews of your loans to keep in compliance with your CDFI certifications**

Questions?

Next Steps

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