

## FY2017 Capital Magnet Fund Glossary

**\*\*Terms highlighted in light grey are defined in CMF Interim Rule (12 C.F.R. 1807.104).\*\***

Term	Definition
<b>Acquisition Financing</b>	Refers to financing any activities associated with obtaining control of the site.
<b>Act</b>	Act, as defined in 12 C.F.R. 1807.104, means the Housing and Economic Recovery Act of 2008, as amended, Public Law 110-289, Section 1131.
<b>Affordable Housing Activities</b>	Affordable Housing Activities, as defined in 12 C.F.R. 1807.104, means the Development, Preservation, Rehabilitation, and/or Purchase of Affordable Housing.
<b>Affordable Housing Fund</b>	Affordable Housing Fund, as defined in 12 C.F.R. 1807.104, means a revolving loan, grant or investment fund that is:  1) Managed by Recipient; and 2) Uses its capital to finance Affordable Housing Activities.
<b>Bridge Loans</b>	A short-term loan that is used until a person or company secures permanent financing or removes an existing obligation.
<b>Capital Magnet Fund (CMF)</b>	Capital Magnet Fund (or CMF), as defined in 12 C.F.R. 1807.104, means the program authorized by the Act and implemented under 12 C.F.R. 1807.
<b>Capital Magnet Fund Award</b>	CMF Award, as defined in 12 C.F.R. 1807.104, means the financial assistance in the form of a grant made by the CDFI Fund to a Recipient.
<b>Committed</b>	Committed, as defined in 12 C.F.R. 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 use of CMF Award, as set forth in 12 C.F.R. 1807.501.
<b>Concerted Strategy</b>	Concerted Strategy, as defined in 12 C.F.R. 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.
<b>Construction Financing</b>	Refers to financing activities associated with a project's rehabilitation, renovation, building and development costs.
<b>Development</b>	Development, as defined in 12 C.F.R. 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.
<b>Direct Administrative Expenses</b>	Direct Administrative Expenses, as defined in 12 C.F.R. 1807.104, means direct costs incurred by the Recipient, related to the financing of the Project as described in 2 C.F.R. 200.413 of the Uniform Administrative Requirements.

<b>Economic Development Activity</b>	Economic Development Activity, as defined in 12 C.F.R. 1807.104, means the development, preservation, acquisition and/or rehabilitation of Community Service Facilities and/or other physical structures in which neighborhood-based businesses operate which, In Conjunction With Affordable Housing Activities, implements a Concerted Strategy to stabilize or revitalize a Low-Income Area or Underserved Rural Area.
<b>Effective Date</b>	Effective Date, as defined in 12 C.F.R. 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.
<b>Eligible Project Costs</b>	Eligible Project Costs, as defined in 12 C.F.R. 1807.104, means Leveraged Costs plus those costs funded directly by a CMF Award.
<b>Eligible-Income</b>	Eligible-Income, as defined in 12 C.F.R. 1807.104, means:  (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  (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.
<b>Enterprise-level Leverage</b>	Enterprise-level leverage means using the CMF Award to raise additional capital for the organization that is not restricted to specific projects at the time it is raised. Enterprise-level leverage, among other things, can include Program-Related Investments (PRIs), loans from third parties, and the organization’s own contributed capital (equity or retained earnings).
<b>Family or Families</b>	Family or Families, as defined in 12 C.F.R. 1807.104, means households that reside within the boundaries of the United States (which shall encompass any State of the United States, the District of Columbia or any territory of the United States, including Puerto Rico, Guam, American Samoa, the U. S. Virgin Islands, and the Northern Mariana Islands).
<b>HOME Program</b>	HOME Program, as defined in 12 C.F.R. 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.

<p><b>Homeownership</b></p>	<p>Homeownership, as defined in 12 C.F.R. 1807.104, means ownership in fee simple title interest in one- to four-unit Housing or in a condominium unit, or equivalent form of ownership approved by the CDFI Fund. The Recipient must determine whether ownership or membership in a cooperative or mutual housing project constitutes Homeownership under State law. The ownership interest is subject to the following additional requirements:</p> <p>(1) Except as otherwise provided in clauses (i), (ii), and (iii) below, the land may be owned in fee simple or the homeowner may have a 99-year ground lease;</p> <p>(i) For Housing located on Indian trust or restricted Indian lands, the ground lease must be for 50 years or more;</p> <p>(ii) For Housing located in Guam, the Northern Mariana Islands, the U. S. Virgin Islands, and American Samoa, the ground lease must be 40 years or more;</p> <p>(iii) For manufactured housing, the ground lease must be for a minimum period of 10 years or such other applicable time period regarding location set forth in this definition of Homeownership at the time of purchase by the homeowner;</p> <p>(2) 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).</p> <p>(3) Ownership interest may only be subject to the restrictions on resale permitted under the Assistance Agreement and this part; 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>
<p><b>Housing</b></p>	<p>Housing, as defined in 12 C.F.R. 1807.104, means Single-family and Multi-family residential units including, but not limited to, manufactured housing and manufactured housing lots, permanent housing for disabled and/or homeless persons, transitional housing, single-room occupancy housing, and group homes. Housing also includes elder cottage housing opportunity (ECHO) units that are small, free- standing, barrier-free, energy-efficient, removable, and designed to be installed adjacent to existing single-family dwellings. Housing does not include emergency shelters (including shelters for disaster victims) or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, halfway houses, housing for students, or dormitories (including farmworker dormitories).</p>
<p><b>Housing and Urban Development (HUD)</b></p>	<p>HUD, as defined in 12 C.F.R. 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.</p>
<p><b>In Conjunction With Affordable Housing Activities</b></p>	<p>In Conjunction With Affordable Housing Activities, as defined in 12 C.F.R. 1807.104, means (1) physically proximate to, and (2) reasonably available to residents of, Affordable Housing that is subject to Affordable Housing Activities. For a Metropolitan Area, In Conjunction With means located within the same census tract or within 1 mile of such Affordable Housing. For a Non-Metropolitan Area, In Conjunction With means located within the same county, township, or village, or within 10 miles of such Affordable Housing.</p>
<p><b>Insured CDFI</b></p>	<p>Insured CDFI, as defined in 12 C.F.R. 1807.104, means a Certified CDFI that is an Insured Depository Institution or an Insured Credit Union.</p>

<b>Investment Period</b>	Investment Period, as defined in 12 C.F.R. 1807.104, means the period beginning with the Effective Date and ending on the fifth year anniversary of the Effective Date, or such other period as may be established by the CDFI Fund in the Assistance Agreement.
<b>Leveraged Costs</b>	Leveraged Costs, as defined in 12 C.F.R. 1807.104, means costs for Affordable Housing Activities and Economic Development Activities that exceed the dollar amount of the CMF Award, as further described in 12 C.F.R. 1807.500.
<b>Low Income Housing Credits (or LIHTCs)</b>	Low Income Housing Credits (or LIHTCs), as defined in 12 C.F.R. 1807.104, means credits against income tax under section 42 of the Internal Revenue Code of 1986, as amended, 26 U.S.C. 42.
<b>Multi-Family Housing</b>	Multi-family, as defined in 12 C.F.R. 1807.104, housing means residential properties consisting of five or more dwelling units, such as a condominium unit, cooperative unit, apartment, or townhouse.
<b>Non-Metropolitan Area</b>	Non-Metropolitan Area, as defined in 12 C.F.R. 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 C.F.R. Part 1949-1953 Comp., p.758), as amended, and as made available by the CDFI Fund for a specific application funding round.
<b>Nonprofit Organization</b>	Nonprofit Organization, as defined in 12 C.F.R. 1807.104, means any corporation, trust, association, cooperative, or other organization that is:  (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
<b>Participating Jurisdiction</b>	Participating Jurisdiction, as defined in 12 C.F.R. 1807.104, means a jurisdiction designated by HUD as such under the HOME Program in accordance with the requirements of 24 C.F.R. 92.105.
<b>Payment</b>	Payment, as defined in 12 C.F.R. 1807.104, means the transmission of CMF Award dollars from the CDFI Fund to the Recipient.
<b>Permanent Financing</b>	Long-term debt or equity financing.
<b>Predevelopment Financing</b>	Refers to costs related to determining the feasibility of a particular project, such as the costs of preliminary financial applications, legal fees, architectural fees, and engineering fees.

<b>Preservation</b>	<p>Preservation, as defined in 12 C.F.R. 1807.104, means:</p> <p>(1) Activities to refinance, with or without Rehabilitation, Single-family housing or Multi-family housing (rental) mortgages that, at the time of refinancing, are subject to affordability and use restrictions under the LIHTC statute or under State or Federal affordable housing programs, including but not limited to, the HOME Program, properties with Federal project-based rental assistance, or the USDA rental housing programs, hereinafter referred to as “similar State or Federal affordable housing programs,” where such refinancing has the effect of extending the term of any existing affordability and use restrictions on the properties by a minimum 10 years or as otherwise specified in the Assistance Agreement;</p> <p>(2) Activities to refinance and acquire Single-family housing or Multi-family housing that, at the time of refinancing or acquisition, were subject to affordability and use restrictions under similar State or Federal affordable housing programs or under the LIHTC statute, by the former tenants of such properties, where such refinancing has the effect of extending the term of any existing affordability and use restrictions on the properties by a minimum 10 years or as otherwise specified in the Assistance Agreement;</p> <p>(3) Activities to refinance the mortgages of Single-family, owner-occupied housing that, at the time of refinancing, are subject to affordability and use restrictions under similar State or Federal affordable housing programs, where such refinancing has the effect of extending the term of any existing affordability and use restrictions on the properties by a minimum 10 years or as otherwise specified in the Assistance Agreement;</p> <p>(4) Activities to acquire Single-family housing or Multi-family housing, with or without Rehabilitation, with the commitment to subject the properties to the affordability qualifications set forth in subpart D of 12 C.F.R. 1807; or</p> <p>(5) Activities to refinance, with or without Rehabilitation, Single-family housing or Multi-family housing, with the commitment to subject the properties to the affordability qualifications set forth in subpart D of 12 C.F.R. 1807.</p>
<b>Program Income</b>	Program Income, as defined in 12 C.F.R. 1807.104, means gross income, as further described in 2 C.F.R. Part 1000.
<b>Project</b>	Project, as defined in 12 C.F.R. 1807.104, means the Affordable Housing Activity and/or Economic Development Activity that is financed with the CMF Award.
<b>Project Completion</b>	Project Completion, as defined in 12 C.F.R. 1807.104, means that all of the requirements set forth in 12 C.F.R. 1807.503 for a Project have been met.
<b>Purchase</b>	Purchase, as defined in 12 C.F.R. 1807.104, means to provide direct financing to a Family for purposes of Homeownership. Before the Recipient provides any financing to a Family for Homeownership purposes, the Recipient must verify that the Family and the Single-family housing meet the qualifications set forth in subparts 12 C.F.R. 1807.
<b>Recipient</b>	Recipient, as defined in 12 C.F.R. 1807.104, means an Applicant selected by the CDFI Fund to receive a CMF Award pursuant to 12 C.F.R. 1807.

<b>Rehabilitation</b>	Rehabilitation, as defined in 12 C.F.R. 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.
<b>Reinvestment</b>	Includes reallocation of repaid CMF Award into new Eligible Activities within the established 5-year Investment Period. This can include program income in the form of repaid principal from loans and equity repayments that are redeployed after the original deployment.
<b>Related Capital</b>	Any capital dedicated to CMF related activities provided by the Applicant, its Subsidiaries or Affiliates, such as funds on hand or fee income.
<b>Revolving Loan Fund</b>	Revolving Loan Fund, as defined in 12 C.F.R. 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.
<b>Risk-Sharing Loan</b>	Risk-Sharing Loan, as defined in 12 C.F.R. 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).
<b>Single-Family Housing</b>	Single-family housing, as defined in 12 C.F.R. 1807.104, means a one- to four-Family residence, a condominium unit, a cooperative unit, a combination of manufactured housing and lot, or a manufactured housing lot.
<b>Site Development Financing</b>	Refers to financing activities associated with site improvements prior to the construction phase.
<b>State-Insured Credit Union</b>	State-Insured Credit Union, as defined in 12 C.F.R. 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.
<b>Third Party Capital</b>	Any capital dedicated to CMF related activities provided by an entity that is not the Applicant or an Affiliate of the Applicant. Examples include commitments from banks for line of credit or commitments for development capital from a foundation to an Applicant for Eligible Activities.
<b>Underserved Rural Area</b>	Underserved Rural Area, as defined in 12 C.F.R. 1807.104, means  (1) A Non-Metropolitan Area that:  (i) Qualifies as a Low-Income Area; and (ii) Is experiencing economic distress evidenced by 30 percent or more of resident households with one or more of these four housing conditions in the most recent census for which data are available: (A) Lacking complete plumbing; (B) Lacking complete kitchen; (C) Paying 30 percent or more of income for owner costs or tenant rent; or (D) Having more than 1 person per room;  (2) An area as specified in the applicable NOFA.
<b>Uniform Administrative Requirements</b>	Uniform Administrative Requirements, as defined in 12 C.F.R. 1807.104, means the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. part 1000).