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COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

UNITED STATES DEPARTMENT OF THE TREASURY



Interim Rule Released for the CDFI Bond Guarantee Program

January 31, 2013

Washington, DC- The U.S. Department of the Treasury's Community Development Financial Institutions Fund (CDFI Fund) released today the interim rule for the CDFI Bond Guarantee Program, which has the potential to inject new and substantial capital into our nation's most distressed communities. Through the CDFI Bond Guarantee Program, eligible Community Development Financial Institutions (CDFIs) or their designees will issue bonds that are guaranteed by the Federal government and use the bond proceeds to extend credit to the broader CDFI industry for community development purposes and for long-term community investments. Treasury may guarantee up to 10 bonds per year, each at a minimum of \$100 million, with a total of up to \$1 billion in bonds guaranteed per year.

Such investments may include the development of small businesses, commercial real estate, housing units, shelters, charter schools, and daycare or healthcare centers, among others.

Prospective CDFI Bond Guarantee Program applicants, community and housing development trade groups, and members of the general public are invited to provide written comments on the CDFI Bond Guarantee Program's interim rule. The interim rule describes the requirements and parameters for the program's implementation and administration including among others: application eligibility, application review, guarantee approval, eligible uses of bond loan proceeds, reporting, and compliance monitoring.

KEY PROGRAM DISTINCTIONS

- Unlike other CDFI Fund programs, the CDFI Bond Guarantee Program does not offer grants, loans, or tax credit allocations; instead, it is a federal credit subsidy program. The bond proceeds are debt instruments that must be repaid.
- The CDFI Bond Guarantee Program is designed to function at no cost to taxpayers.
- Bonds (including principal, interest, and call premiums) will be 100 percent guaranteed by the U.S. government. The Federal Financing Bank will be the sole purchaser of bonds issued under the CDFI Bond Guarantee Program.

HOW YOU CAN PREPARE

- Attend the CDFI Fund's information sessions and application workshops on the CDFI Bond Guarantee Program.
- Standardize loan servicing procedures to facilitate smooth and equitable lending for eligible purposes.
- Draft a plan for proposed sources and uses of funds for Eligible CDFIs.
- Review the [Federal Financing Bank's Lending Policy](#)

- Review certain Office of Management and Budget circulars (particularly, Circulars [A-11](#) and [A-129](#)) for further rules and guidance for Federal credit programs.

HOW YOU CAN LEARN MORE

In the coming months, the CDFI Fund will provide the following opportunities to learn more about the CDFI Bond Guarantee Program:

- **Information Sessions:** CDFI Fund staff will conduct a series of all-day information sessions on the CDFI Bond Guarantee Program.

Information sessions will provide an overview of the program's financial structure and key terms, federal lending guidance, and parameters for lending under the CDFI Bond Guarantee Program. Attendees will have the opportunity to ask questions and receive clarification about the topics covered in the sessions.

Date of Event	Time of Event	Location of Event	Registration Opens	Registration Closes
February 12, 2013	8:30 a.m. – 5 p.m.	Federal Reserve Bank of Dallas, Dallas, TX	January 31, 2013	February 7, 2013
February 14, 2013	8:30 a.m. – 5 p.m.	Federal Reserve Bank of San Francisco, San Francisco, CA	January 31, 2013	February 11, 2013
February 22, 2013	9 a.m. – 5 p.m.	Treasury Department Headquarters, Washington, DC	January 31, 2013	February 18, 2013

Registration is required for each session. There is no registration fee, however, due to limited space, registration will be honored on a first come, first serve basis. More detailed information is available on the CDFI Fund's [registration site](#).

- **Online Resources:** Drawing upon common questions in the information sessions, CDFI Fund staff will conduct 90-minute webinars to provide the general public with an in-depth look at the program. The webinars will cover the following topics:
 - An overview of the laws, regulation, and circulars that govern the Bond Guarantee Program;
 - Key terms of the CDFI Bond Guarantee Program; and
 - CDFI Bond Guarantee Program financial structure.
- **Application Workshops:** Prospective program participants are strongly encouraged to attend the CDFI Bond Guarantee Program's application workshops, which will be held throughout the country in Spring 2013. CDFI Fund staff will facilitate detailed discussions of the requirements of the application process. Workshops will include an in-depth discussion of the financial structure of the program, including mechanics surrounding:
 - Program Administrator and Servicer roles;
 - Capital Distribution Plan requirements;

- Eligible CDFI and Secondary Borrower requirements;
- Flow of funds within the CDFI Bond Guarantee Program and how the participants in the program will earn revenues;
- The Risk-Share Pool and how it will operate;
- The Relending Account;
- Reporting; and
- Compliance related activities.

ANTICIPATED TIMELINE

The CDFI Fund will host information sessions concurrent with the 60-day public comment period on the CDFI Bond Guarantee Program interim rule.

Upon the conclusion of the 60-day comment period, the CDFI Fund will conduct a series of detailed application workshops for prospective program participants.

Webinars recapping the information sessions and application workshops and other supplemental program documents, including general program terms and conditions, will be added to the CDFI Fund's [website](#) in Spring 2013.

QUESTIONS

For more information on the CDFI Bond Guarantee Program, the information sessions, application workshops or the webinars, please contact the CDFI Fund Help Desk by e-mailing cdfihelp@cdfi.treas.gov or by calling (202) 653-0421, option 5.

COMMENTS

The deadline for written comments on the interim rule will be 60 days from its publication in the Federal Register. Submission details can be found in the Federal Register Notice.

[Federal Register Notice](#)

For more information about the CDFI Bond Guarantee Program, please visit www.cdfifund.gov/bond.

Last updated/reviewed: 01/31/2013

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