

MICHIGAN COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION FUND PROGRAM GUIDELINES

Program Overview

The Community Development Financial Institution Fund Program (“CDFI Fund”) is a grant program that will deploy \$75 million for the purpose of promoting community economic revitalization and community development through community financial institutions. Administered by the Michigan Economic Development Corporation, this program provides capital to qualified Community Development Financial Institutions (“CDFI”) for the purpose of increasing available capital for financial products and financial services, technical assistance, and administration and operations.

Eligible Applicants

Community Development Financial Institutions that meet all of the following criteria are eligible to apply:

- (i) Is an entity that meets the eligibility requirements described in 12 CFR 1805.200;
- (ii) Is certified as a community development financial institution that meets the eligibility requirements under 12 CFR 1805.201 by the community development financial institutions fund established under section 104 of the community development banking and institutions act of 1994, 12 USC 4703;
- (iii) Maintains one or more physical offices in Michigan;
- (iv) Employs two or more individuals at a physical office in Michigan, including employees of an affiliate of the community development financial institution that provides services to the community development financial institution; and
- (v) Is a Michigan CDFI, or a multistate CDFI as defined as a Community Development Financial Institution that satisfies the statutory requirements outlined in the CDFI Fund legislation.

Use of Funds

Grant awards must be used in accordance with the following requirements:

- At least 80% of the grant award will be used for financial products and financial services or expenditures of money or commitments to expend money to reduce the interest rate otherwise applicable under a loan agreement or funding agreement
- No more than 10% of the grant award will be used for technical assistance activities described in 12 CFR 1805.303
- No more than 10% of the grant award will be used for administration and operations
- The entire amount of the grant award must be expended within Michigan
- Funds may be used for activities described in 12 CFR 1805.301
- Funds must be disbursed by the recipient within 3 years after the date the recipient receives the grant award

Award Structures and Funding

Community Development Financial Institutions may receive award amounts based on the following parameters:

For Depository Institutions, as defined in subsection (17)(c) (“D.I.”):

- Up to \$1,000,000.00 if the D.I. has total net assets of less than \$500,000,000

- Up to \$1,500,000.00 if the D.I. has total net assets of between \$500,000,000 to \$999,999,999.99
- Up to \$2,000,000.00 if the D.I. has total net assets of between \$1,000,000,000 to \$1,999,999,999.99
- Up to \$2,500,000.00 if the D.I. has total net assets of \$2,000,000,000 or more.

For Loan Funds:

- Up to \$500,000.00 if the CDFI made qualifying commitments, as defined in subsection (17)(j) in an amount that averaged less than \$1,000,000 per year during the 3 calendar years immediately preceding the calendar year in which an application for a grant under the CDFI Fund is submitted.
- Up to \$1,500,000.00 if the CDFI made qualifying commitments, as defined in subsection (17)(j) in an amount that averaged from between \$1,000,000 to \$3,999,999.99 per year during the 3 calendar years immediately preceding the calendar year in which an application for a grant under the CDFI Fund is submitted.
- Up to \$2,500,000.00 if the CDFI made qualifying commitments, as defined in subsection (17)(j) in an amount that averaged from \$4,000,000 to \$5,999,999.99 per year during the 3 calendar years immediately preceding the calendar year in which an application for a grant under the CDFI Fund is submitted.
- Up to \$3,500,000.00 if the CDFI made qualifying commitments, as defined in subsection (17)(j) in an amount that averaged from \$6,000,000.00 to \$9,999,999.00 per year during the 3 calendar years immediately preceding the calendar year in which an application for a grant under the CDFI Fund is submitted.
- Up to \$4,000,000.00 if the CDFI made qualifying commitments, as defined in subsection (17)(j) in an amount that averaged at least \$10,000,000 per year during the 3 calendar years immediately preceding the calendar year in which an application for a grant under the CDFI Fund is submitted.

For Multistate CDFIs:

- Award amounts may not exceed \$2,500,000.00

These formulas may be proportionally reduced based on the availability of funds.

Timelines

The MEDC will begin accepting applications on October 31, 2022. All applications will be reviewed after the application window closes in order to determine funding allocations for each applicant based on the formulas outlined above and allow for the proportional reduction of a grant awards based on the availability of funds.

The MEDC shall approve or deny a grant application within 49 days after receipt of an administratively complete application as determined by the MEDC. The MEDC may deny a grant application for the following reasons:

- The applicant does not satisfy all of the requirements for eligibility pursuant to Sec. 403 (7)
- There is insufficient funding available to pay the grant amount requested; and/or

- The applicant is not in compliance with applicable requirements under the community development banking and institutions act of 1994, 12 USC 4701 to 4719.

If the MEDC denies an application, the applicant may provide additional information to the MEDC within 7 days after the notice of denial. The MEDC shall review and reconsider the application and additional information within 28 days.

Upon approval of an application, the MEDC and the applicant shall enter into a written grant agreement that includes terms and conditions consistent with the statutory requirements, these guidelines, and the required periodic reporting of data to the MEDC and the Michigan Legislature.

Reporting

Reporting will be completed by grantees on annual basis.