



CCML Roundtable NMTC Compliance Updates

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Overview



1. NMTC Reporting Changes
 - Transaction Level Report
 - QEI Reporting Changes
2. Allocation Agreement Changes
3. Material Event Submissions
4. CDE/CDFI Certification
5. NMTC Compliance FAQs
 - Fee Disclosure in Multi-CDE deals

Transaction Level Report



Modifications were made to the Transaction Level Report (TLR) in September 2020 and 2021.

- Improved upload and data correction functionality for TLR reporting.
- Help text updates.
- Automatic syncing of Multi-CDE data and individual project outcome data.
- Enhanced address reporting: Reported addresses are be verified and XY coordinates will be calculated by AMIS (via ESRI).
- New report generation: Users are able to view/download records.
- “Interim” and “Final” certification features enabled.

Anticipated Transaction Level Report Changes



As a result of the recently completed Paperwork Reduction Act renewal governing the NMTC TLR, we plan to:

- Align “community outcomes” to conform with the NMTC Application with several new fields.
- Revise fields to better capture “fees and transaction costs” that better align with the NMTC Application.
- Add fields to better assess compliance when QLICs are originated.
- Add fields to assess Investments in Minority/Native owned CDEs
- Add two data points to QEI data collection aimed at identifying sources of public funds and other tax credits linked to leveraged loan.

Deadline for Allocatees reporting in December 2023 was further extended (to January 31, 2024) to accommodate the implementation of these changes.

Transaction Level Report – Interim Certification



Allocatees have the ability to certify TLR records outside of the annual submission parameters - “Interim Certification”.

Has important ramifications for the application round as CY2023 NOAA establishes:

- March 21, 2024 as the deadline for issuing QEIs and making QLICs.
- March 28, 2024 as the deadline for reporting QEIs and QLICs in AMIS (via Interim or Final Certification).

A screenshot of the CDFI Fund AMIS system interface. The "Organization" section shows "Organization Name: Test Applicant Org 01" with a "Change Organization" button. Below this, there are buttons for "Interim Certification" (highlighted with a red box), "Final Certification", and "Certify CDFI TLR". To the right, it says "Fiscal Year to Certify-NMTC: 2019" and "Fiscal Year to Certify-CDFI: There are no CDFI TLRs that need to be certified." The "Import/Export Guidance" section has two links: "NMTC Import/Export Guidance" and "CDFI Import/Export Guidance". The "TLR Data Export Template" section is expanded to show "NMTC CSV" files, with "Update NMTC TLR Project.csv" and "Update NMTC TLR Note.csv" highlighted by a red box. Other files listed include "New NMTC TLR Project August 2020.csv", "New NMTC TLR Note August 2020.csv", "New NMTC TLR Address August 2020.csv", and "New NMTC Loan Source and Disbursements August 2020.csv". Below that are "CDFI CSV" files: "New CDFI TLR Project August 2020.csv", "New CDFI TLR Address August 2020.csv", and "New Consumer Loans Investments Originated August 2020.csv". The "NMTC & CDFI XML" section shows "NMTC TLR Xml Schema.xsd", "CDFI TLR Xml Schema.xsd", and "Consumer Loans Investments Originated.xsd". The "NMTC Update XML" section shows "Update NMTC TLR Data.xml".

Interim Certification - Validation



Users can check that records that are certified (“Interim” or “Final”) by looking at the “Last Certified” date stamps on the Project, Address, Note and Disbursement objects.

TLR Project
TLRP-00021166

[Detail](#) [Related](#)

▼ Transaction Mandatory Info.

Project Number ⓘ 2020	Organization ⓘ Test Applicant Org 04
QUICI Type ⓘ QALICB	Fiscal Year ⓘ 2020
Investee Type ⓘ BUS	
Multi-CDE Project Number ⓘ	Last Certified Date ⓘ
Project results from investment in CDE ⓘ NO	Last Certified Fiscal Year
Associated Project ⓘ	Last Certified Date Interim
	Last Certified Fiscal Year Interim

Changes in CY2021 & CY2022 Allocation Agreements



- Revised definition of Controlling Entity for new Allocatees.
- New category for “Innovative Investments” – Investment in “Minority-owned or controlled or Native American-owned or Controlled CDEs.”
- The “Targeted Distressed Communities” threshold is set at 85% - up from 75% in previous rounds.
- Section 4.13 requires Allocatees to adhere to established written policies and procedures in their project selection, underwriting and due diligence.
- Section 6.12 requires Allocatees (starting with CY2022) in multi-CDE deals to combine their disclosure of QALICB Fees and Transaction Costs into one document.

QEI Amendments



CDFI Fund requires a Service Request to update “prefunded” QEIs.

- Best to include a document with the requested changes.
- Includes changes to investment amounts and investor names.
- Identify leverage lender, source of leverage, and leverage loan amounts.

New Material Event Submission Process



In late September, an enhancement to the Material Event submission process was released.

- A Material Event includes any change in an organization's condition that may lead to or cause the actual violation of terms and conditions of an Allocation Agreement.
- Must be reported within 30 days of the occurrence or as specified in the Allocation Agreement (Section 6.9).

New Material Event Submission Process



First, create a Service Request. In the Service Request record, locate and click on the down arrow button next to 'Printable View' to record the Material Event.

A screenshot of the CDFI Fund's web application interface. The top navigation bar is dark blue with the CDFI Fund logo on the left, a search bar, a notification bell, and the user name "Sandra Gibbons". Below the navigation bar is a menu with items: Home, Organizations, Allocations, Contacts, Service Areas, Service Requests, Awards, Reporting Schedule, and More. The main content area shows a "Service Request" record for "Test Material Events". The record details include: Priority: Medium, Status: Assigned, Service Request Number: 00054123. To the right of the record are buttons for "Clone", "Edit", "Printable View", and a dropdown arrow button highlighted with a red box. Below the record details are two tabs: "Detail" (selected) and "Related". The "Detail" tab shows a list of fields: Service Request Owner (BEA/SDLP), Service Request Number (00054123), Contact Name (Sandra Gibbons), Organization Name (Western Community Housing, Inc.), Contact Phone (714) 597-8302, Contact Email (sandy@wchousing.org.disabled), Funding Application (1), and Award.

Material Event Resources



- [AMIS User Manual: Material Event Form Submission Guide](#)
- [Certification of Material Events Form - Frequently Asked Questions](#)
- [How to Submit a Material Event Form – Video Tutorial](#)

Sub-CDE Enjoinments: 30-Day turnaround



Sub-CDE enjoinments are submitted as Service Requests.

A complete amendment package includes:

1. Request Letter
2. Certification Letter
3. Draft Legal Opinion

The legal opinion format should be similar to that used when the original Allocation Agreement was executed but may be limited solely to the new Subsidiaries. The legal opinion should also contain language confirming that the Allocatee Controls the Subsidiaries including having a controlling influence over the investment decisions of the Subsidiaries.

Other compliance tips



1. Audited Financial Statement - Ensure you complete the report submission in AMIS by the due date.
2. Service Requests – Do not submit multiple Service Requests for the same issue.

CDE Certification



In October 2018, the CDFI Fund implemented the CDE Certification application in AMIS.

- All information is submitted electronically.
- Service Area Modifications request submitted via AMIS.
- Updated application materials provide step-by-step instructions: <https://www.cdfifund.gov/programs-training/certification/cde/Pages/apply-step.aspx#step1>
- Expect up to a 90-day review process.
- New CDE certification letters are attached in AMIS

Impact of new CDFI Certification process



CDFI Fund is in the process of launching a new CDFI Certification Application.

- For those organizations that are currently Certified CDFIs, there will be a substantial grace period to come into compliance with the standards outlined in a new application.
- CDE and CDFI Certification are separate and discrete.

If a CDFI is decertified for failing to demonstrate that it meets the criteria of Legal Entity, Primary Mission, or Accountability, and upon the determination by CDFI Fund that the failure affects the entity's ability to meet the corresponding criteria required for its CDE certification, the CDFI Fund will notify the CDE of that determination and provide a period of up to 60 days to submit a new application for CDE certification.

NMTC Compliance FAQs - 2023



The recently released NMTC Compliance FAQs contains the following:

1. Outlines the transition to the 2016-2020 American Community Survey (ACS) data defining Low-Income Communities.
 - QLICs closed between September 1, 2023 and August 31, 2024 may use either 2011-2015 ACS data or 2016-2020 ACS data.
 - QLICs closed on or after September 1, 2024 must use 2016-2020 ACS data.
2. Updates the national unemployment rate (5.4%) in effect for 2016-2020 ACS data.
3. Outlines a new submission process for Material Events forms.

NMTC Compliance FAQs - 2023



4. Aligns guidance for Innovative Activities (Non-Real Estate investments) with the NMTC Application - all financial notes provided by the Allocatee to a QALICB must be used entirely for non-Real Estate Activities.
5. Provides new guidance regarding the QALICB fee disclosure form in the case of multi-CDE deals by clarifying the QALICB fee disclosure form is required to be signed by all parties in a multi-CDE deal and combined into a single document.
6. Clarifies a change in Controlling Entity due to a merger, acquisition etc. still requires an Allocatee to name the surviving entity as the new Controlling Entity.