

## Open for Business: Community Development Financial Institutions (CDFIs) Program

### Program overview

Wells Fargo will donate processing fees generated from the Paycheck Protection Program (PPP) to support nonprofits, including Community Development Financial Institutions (CDFIs), helping small businesses recover from the economic, health and social crises of 2020. We anticipate awarding approximately \$250 million in grants to CDFIs, CDFI intermediaries and special-purpose funds formed by CDFIs for rapid response to small business. The size of grants will depend on an organization's capacity, geographic scope and alignment with the program selection criteria as provided below. Grants, generally ranging from \$250,000 up to \$5,000,000 will be awarded.

### Program eligibility requirements

Organizations must meet these program eligibility requirements:

- Be a U.S. Department of the Treasury-certified CDFI or an organization of Treasury-certified CDFIs.
- Have a tax-exempt status as a 501(c)(3) public charity as defined under the Internal Revenue Code.
- Have completed at least two consecutive years of lending to small businesses as of the date of the application. (Small businesses refer to businesses, including nonprofits, ranging in size from microenterprises, with five or fewer employees - including proprietor, to small businesses with up to 500 employees as defined by the SBA).
- Demonstrate a history of and an intention to lend to small businesses owned by racially and ethnically diverse people and located in low and moderate income communities.
- Be located in and serving the U.S., including the territories of Puerto Rico and the U.S. Virgin Islands.

If you have any questions about your organization's eligibility, send an email to: [smallbusinessphilanthropy@wellsfargo.com](mailto:smallbusinessphilanthropy@wellsfargo.com)

### Selection criteria

Strategies focused on supporting small businesses owned by racially and ethnically diverse people, acknowledging that these businesses have been most adversely impacted by structural inequities and the current crises will receive priority. Priority consideration will also be given to applications submitted by CDFIs led by racially and ethnically diverse people.

CDFIs meeting the eligibility criteria will be evaluated using the following selection criteria:

- Have an active and compelling strategy in place to deliver relief products and services to small businesses that are struggling as a result of the health, social and economic crises of 2020. Strategies should include specific and credible projected outcomes to increase the provision of low-cost capital and services to small businesses owned by racially and ethnically diverse people. The strategy should include an articulation of overall impact to low and moderate income (LMI) communities.

- Financial performance in terms of capital adequacy, assets, management capability, earnings, and liquidity. CDFIs will provide current interim financial statements and the last two audits. Financial analysis will cover trends in topics such as (but not limited to):
  - Change in net assets and change in unrestricted net assets
  - Self-sufficiency
  - Net asset ratio and unrestricted net asset ratio
  - Liquidity (unrestricted cash, months of operating cash)
- Organizational capacity to deploy an award quickly to help small businesses recover and thrive.

### Use of funds

Possible uses of the granted funds by eligible CDFIs include:

- Grants, concessionary loans and technical assistance / development services to small business owners
- Equity capital to increase capacity and manage risk, including additions to loan loss reserves
- Marketing, communications, and business outreach strategies and materials to reach small businesses needing assistance
- Product development to support immediate deployment of resources to small businesses
- Operating support in order to quickly deploy capital and services
- Subsidies to cover reduced interest rates, loan fees and guarantees

### Application process

CDFIs will submit an application at [www.cybergrants.com/wellsfargo/OFB](http://www.cybergrants.com/wellsfargo/OFB). Please use the code **OFBcdfi**

- Application period opens: July 9, 2020 (6am Pacific Time)
- Applications due: August 7, 2020 (11:59 pm Pacific Time)

The application will solicit responses to:

- The strategy that your organization will use to deploy capital and resources to small businesses owned by racially and ethnically diverse people impacted by the health, social and economic crises of 2020
- A description of the market(s), including the geographic scope (city, county, state, region) and the segment(s) you intend to serve with any awarded funds
- A list of the specific products, programs, services including rates and terms that you plan to offer with any awarded funds. Interest rates shall not exceed 3%. Project budget can include a request for funds to subsidize the reduced rate.
- A description of your organization's readiness to implement the strategy, including what is already being offered, current staffing, Board support, and any other preparations
- A timeline including future projected activities or milestones and metrics – loans, grants, services, jobs – that you will track
- A description of any collaborative relationships that your organization has established or intends to establish to support the strategy
- A detailed project budget
- A list of the job titles of your organization's staff focused on lending and development services / technical assistance, including the number of FTE's for each job description
- A breakdown of your organization's small business lending to diverse borrowers for the last two years as well as projections for the next two years
- Portfolio performance information for the last two years

- Other financial metrics including self-sufficiency, months of operating cash, net asset ratio and unrestricted net asset ratio

### Evaluation and reporting

The program evaluation will measure CDFIs' use of funds to help small businesses recover and thrive. Reporting will include at a minimum the following metrics broken down by ethnicity and gender when possible:

- # of small businesses receiving payment relief in the form of loan modifications, payment deferrals, interest rate buy-downs, loan forgiveness
- # of small businesses receiving new loans or grants (and average rates charged on new loans)
- # of small businesses preserved or created
- # of jobs preserved or created, including at the CDFI
- # of small businesses receiving technical assistance
- Impact of the award on the organization's operating capacity, including if the award attracted additional capital
- Data on how Wells Fargo's investment in CDFIs was leveraged to raise additional grant, loan or equity capital

Awardees will need to respond to reporting prompts 6 months after receiving an award and annually for three years. Wells Fargo will provide the report format and timeline to the awardees.

Dates may be subject to change. Submitting an application for this opportunity is voluntary and will not affect consideration of other future grant opportunities with Wells Fargo. Wells Fargo reserves the right to change or modify program guidelines, grant funding, payment timing and forms without prior written consent or notice. By submitting an application, the CDFI agrees that information provided, including any attached documents, may be reviewed internally by Wells Fargo and by external third parties.

### Additional focus areas

Open for Business programs focused on technical assistance and recovery and resiliency will be announced in the coming weeks.

### Questions

If you have questions, contact [smallbusinessphilanthropy@wellsfargo.com](mailto:smallbusinessphilanthropy@wellsfargo.com)