



CONSIDERING A MERGER, LIQUIDATION OR ACQUISITION?

Next Steps to Managing Your CDFI Award

CDFI
fund

OVERVIEW

- 1. Notifying the Fund**
- 2. Reviewing the Assistance Agreement**
- 3. Understanding CDFI Compliance**
- 4. Maintaining Certification Status**

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COMPLIANCE TOPICS

- 5. Amending the Assistance Agreement**
- 6. Restating or Terminating the Agreement**
- 7. Updating Contact Information**

NOTIFYING THE FUND

Awardees are required to contact the Fund as soon as possible to discuss the continuation of the Agreement and the status of the Fund award.

NOTIFYING THE FUND

When notifying the CDFI Fund of a merger, liquidation, or acquisition include:

- 1. Nature of the event (merger, liquidation, acquisition);**
 - Entities involved (anticipated surviving entity);**
 - Overview and timeline of events;**
 - Appropriate contact persons.**

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NOTIFYING THE FUND

ALL correspondence should be addressed to the “GMC Manager.”

Be sure to include the award number when submitting your notification and future inquiries.

REVIEWING THE ASSISTANCE AGREEMENT

If the Fund approves an acquisition or merger, the surviving entity will assume the responsibility of meeting the terms and conditions of existing and active Assistance Agreement(s).

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REVIEWING THE ASSISTANCE AGREEMENT

Key components of the AA, a surviving entity should be aware of:

- **Reporting Schedules;**
- **Performance Goals/Measures;**
- **Financial Soundness Covenants (if applicable);**
- **Certification;**
- **Debt Repayment (if applicable).**

UNDERSTANDING CDFI COMPLIANCE

In the case of approved mergers and acquisitions, it is key to remember that the surviving entity will assume the compliance status and sanction (if applicable) of the award.

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UNDERSTANDING CDFI COMPLIANCE

Some Factors for Determining Compliance

- **Report Submission (timeliness and completeness);**
- **Performance Goals/Measures or Financial Soundness Covenants (as applicable) are “Below Expectations” or “Unacceptable”;**
- **Certification application not submitted or certification expired (as applicable).**

UNDERSTANDING CDFI COMPLIANCE

Consequences of a Non-Compliant Status

- **Memo to Fund Management explaining Non-Compliance can delay resolutions and disbursements;**
- **Fund may issue sanctions or remedies that may transfer to surviving entities.**

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UNDERSTANDING CDFI COMPLIANCE

Possible Noncompliance Determinations:

- **Non-Compliant, Not in Default;**
- **Non-Compliant, In Default - Possible sanctions include:**
 - **Hold on Disbursements;**
 - **Deemed ineligible to apply for future funding;**

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UNDERSTANDING CDFI COMPLIANCE

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- **Funds returned;**
- **Deobligation of funds;**
- **Agreement amended.**

MAINTAINING CDFI CERTIFICATION

Things to Remember:

In the case of a merger or liquidation, the surviving entity must become certified as a CDFI before the Fund can restate the Assistance Agreement.

A copy of the CDFI Certification application can be found on the Fund's website:

www.cdfifund.gov



AMENDING THE ASSISTANCE AGREEMENT

When do you request an amendment?

Prior to the restatement of the Assistance Agreement, if the surviving entity:

- **Is unable to meet a performance benchmark;**
- **Needs additional time to submit reports;**

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AMENDING THE ASSISTANCE AGREEMENT

- **Requires a change to the use of Technical Assistance;**
- **Requires a change to any other aspect of Assistance Agreement.**

RESTATING OR TERMINATING AN AGREEMENT

Based on the circumstances of the merger or acquisition, the Fund may choose to restate the Assistance Agreement with the surviving entity or terminate it prior to the merger.

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RESTATING OR TERMINATING AN AGREEMENT

In the case of a liquidation, the Fund will inform the Awardee of the status of its award and whether or not the Fund will require any return of award monies.

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RESTATING OR TERMINATING AN AGREEMENT

Some factors the Fund will consider:

- **Whether or not Award been deployed or expended for its intended purpose;**
- 2. The Awardee's current and projected compliance status;**
- 3. The term of the Award.**

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RESTATING OR TERMINATING AN AGREEMENT

In order to restate the Assistance Agreement, the Fund may require the Awardee to submit:

- 1. A copy of the Awardee's restated By-Laws and Articles of Incorporation;**
- 2. A legal opinion**
- 3. Other documents as required**

UPDATING CONTACT INFORMATION

In the case of an approved merger or acquisition, the Awardee may need to designate an Authorized Representative and Contact Person in the Awardee's "myCDFIFund" account

MyCDFIFund can be accessed through the Fund's website.



CONTACTING GMC

ALL correspondence mentioned above and/or questions should be sent to GMC at:

- E-mail: gmc@cdfi.treas.gov
- Address: 601 13th Street, NW
Suite 200 South
Washington, DC 20005
- Phone: 202-622-8226
- Fax: 202-622-7754
- Website: www.cdfifund.gov

QUESTIONS