Capacity-Building Grant Program Overview

1. **Purpose:** To provide nonprofit lenders access to grand funds to strengthen their financial position, operational efficiency, and/or human capital in support of affordable housing and economic development lending.

2. **Eligible Organizations:** Applicants must be nonprofit, non-depository financial institutions with a primary mission of community development focused on serving low-income, low-wealth, and other disadvantaged people and communities. The Capacity-Building Grant Program supports organizations that offer affordable housing and/or economic development loan programs in the FHLBank Chicago's district of Illinois and Wisconsin. This may include regional and national organizations with a footprint in the FHLBank Chicago's district.

3. **Member Limits:** Members may submit multiple applications on behalf of different organizations. The FHLBank Chicago may, at its discretion, establish an annual member limit.

Program Requirements & Guidelines

1. **2020 Program Timeline:**
   - Applications Open: Monday, April 6
   - Applications Close: Friday, May 1
   - Notification and Request for Additional Information: Friday, May 29
   - Deadline for Additional Information: Friday, June 26
   - Awards Announcement: Monday, August 3

2. **Types of Eligible Organizations:** Applicants must be a lender that provides affordable, responsible financial products and services. Applicants' financing programs and, if applicable, technical assistance programs must support small businesses, real estate and affordable housing developers, nonprofit organizations looking for facility or operating capital, and/or low-income individuals looking for financing to purchase and/or rehabilitate their homes. Applicants must be a non-governmental entity. If the applicant is part of or controlled by another entity, that entity also must have a primary mission of community development.

   Specific types of eligible organizations include the following:
   - Non-Depository Community Development Financial Institutions (CDFIs)
   - Community Development Loan Funds (CDLFs)
   - Community Development Corporations (CDCs)

3. **Eligible and Ineligible Uses of Funds:** Applicants may seek funding to expand their operational capacity, to develop a new product(s) for their diverse borrowers, or to pay for certain operational expenses.

   Eligible uses include, but are not limited to:
   - New program or product development
   - Market research to expand existing programs
   - Marketing and branding
   - Professional development of staff and/or board(s)
   - Creation or improvement of lending policies and procedures
   - Creation or expansion of strategic plan
   - Enhancements to information technology and systems
   - Improvements to lending, financial, and/or mission-related reporting

   Ineligible uses include, but are not limited to:
   - Lending capital
   - Loan loss reserves
   - Salaries, wages, stipends, and/or benefits for new or existing interns and staff
   - Administrative overhead
   - Litigation costs/expenses
   - Lobbying

4. Grant Amount: Applicants may request up to $50,000 to support one or multiple uses of funds. The size of the grant, which may not be the full amount requested, will depend on the applicant's capacity to meet its mission, its lending activity, its geographic scope, and the strength of the proposal for how the grant funds will be used in alignment with the program's purpose.

5. Application Submission: There is a two-part application process.

Initial Application:

- Interested organizations need to complete and submit an application to the FHLBank Chicago, through one of our member institutions, along with evidence of nonprofit status and good standing. Specific documentation requirements are as follows:
  - Illinois: Certificate of Good Standing
  - Wisconsin: Certificate of Charitable Organization and Certificate of Status
  - Out-of-District: Certificate of Good Standing from state of incorporation
- The applicant must have a compelling strategy to increase community development lending within the FHLBank Chicago's geographic footprint and must demonstrate how the grant funds help achieve this strategy.

Additional Information from Select Applicants:

- Applicants invited to move forward will be asked to submit additional information to support the initial application.
- The applicant must specify projected outcomes for the use of funds and describe the anticipated impact over a two-year period.
- Information requested may include, but is not limited to:
  - Detailed use of funds including a budget, timeline, and expected outcomes
  - Organizational strategic plan
  - Biographies for executive team and board of directors
  - Summary of funding sources and investors
  - Most recent year of audited financials
  - Loan portfolio performance report
  - Mission and/or outcome reporting
  - FHLBank Chicago member involvement

6. Evaluation:

Initial Application:

- The FHLBank Chicago will review each application assessing the strength of the organization in meeting its mission and objectives, types of lending programs, uses of funds, outcomes, and geographic footprint.
- Once all applications are reviewed, the FHLBank Chicago will inform all applicants on the final status of their application:
  - The applicant is invited to move forward as a potential recipient
  - The applicant is declined
  - The applicant is ineligible

Additional Information from Select Applicants:

- The FHLBank Chicago will review the additional information assessing the organization's strategy, governance, and management; program objectives; financial performance; and strength of operations, capital, and portfolio performance. The FHLBank Chicago will focus on three areas of evaluation:
  - Capacity Assessment – The applicant's resources and internal capacities, financial stability, and loan portfolio quality.
  - Performance Measurement – The applicant's program outputs in relation to planned objectives.
  - Mission Outcomes – The applicant's existing programs for people, organizations, neighborhoods, and systems.
- Once all additional information is reviewed, the FHLBank Chicago will inform all applicants on the final status of their application.

7. **Transaction Structure:** Funds are deployed as grants to recipients through the member institution sponsoring the organization. The member institution will disburse funds to the grant recipient and the FHLBank Chicago will reimburse the member institution.

8. **Post-Award Process:** Grant recipients will receive an award notification and a grant agreement. Disbursement of grant funds must take place within six months of the grant agreement effective date. Recipients are required to report annually for a minimum of two years, beginning 12 months from the disbursement date. Reporting requirements include proof of payment to evidence funds spent, a narrative describing progress and outcomes, and audited financial statements. A grant recipient may not apply again for two consecutive program years after the initial award date. For example, if an applicant receives a Capacity-Building grant in 2020, that applicant cannot apply again until 2023.

Applicant Information

Name of Organization:

Type of Lender (e.g. affordable housing, small business, etc.):

Contact Person:

Title:

Address:

City:

State:

Zip Code:

Telephone Number:

Email Address:

Member Information

Name of Institution:

Member Number:

Contact Person:

Title:

Address:

City:

State:

Zip Code:

Telephone Number:

Email Address:

Grant Request

Amount Requested:

(Cannot exceed $50,000; however, the specific project(s) may cost more and be supplemented from other funding sources).

Proposed Use of Funds:

Market Research ☐   Information Technology and Systems ☐

Professional Development ☐   Lending, Financial, and/or Mission-Related Reporting ☐

Policies and Procedures ☐   Program or Product Development ☐

Strategic Plan ☐   Other ☐

Narrative

Applicants should respond to the following prompts. If responses are longer than space allowed, please respond in a separate Word Document and submit with the application.

1. Describe the applicant's service footprint. If the lending footprint differs from the service footprint, please include both.
   Example: Cook, Lake, and DuPage counties, Illinois

2. Describe the applicant's core mission, a brief history, and accomplishments

3. Describe the applicant's proposed use of funds, including a budget similar to the example shown below.

Example Budget

Category	Details	Amount
Professional Development	2 registrations for NDC course	$2,750.00
	2 airfares	$1,000.00
	1 ground transportation	$100.00
	5-day per-diem	$500.00
	4 hotel nights	$2,200.00
Information Technology & Systems	Loan management software	$21,000.00
Total Grant Request		**$27,550.00**

4. Describe the applicant's expected outcomes.

Example: Increased loan volume by XX% in one year, total assets of $X by X/XX/XXXX, etc.

Authorized Signature – Member

The undersigned, with full authority to make the certification below on behalf of the member, hereby certifies that:

1. *All information provided above is accurate, and necessary steps were taken to ensure its accuracy; and*
2. *This applicant meets the eligibility requirements of the Federal Home Loan Bank of Chicago's Community First Capacity-Building Grant Program.*

Authorized Signature: _____

Name: _____

Title: _____   Date: _____

Authorized Signature – Applicant

The undersigned certifies that:

1. *All information provided above is true, correct, and accurate, and*
2. *The applicant meets the eligibility requirements of the Federal Home Loan Bank of Chicago's Community First Capacity-Building Grant Program.*

Authorized Signature: _____

Name: _____

Title: _____   Date: _____

Application Submission

Email the completed application and supporting documentation to: ci@fhlbc.com.

Questions

For questions and technical assistance, please contact the Community Investment staff listed below:

Annie Kraft
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312-552-2724

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312-552-1208