



INSTRUCTIONS for the Initial Supplemental Report for Community Development Loan Funds

GENERAL INSTRUCTIONS

The sections below constitute the Initial Supplemental Report.

[Initial Baseline Calculation](#)

[Initial Adjusted Baseline Calculation](#)

[Initial Quarter-End CDLF Qualified Small Business Lending](#)

[Change in Qualified CDLF Small Business Lending Calculation](#)

[June 30, 2011 Ratio Calculations](#)

WHO MUST REPORT ON WHICH FORMS

Every Community Development Loan Fund (CDLF) participating in the Small Business Lending Fund (SBLF) of the U.S. Department of the Treasury (Treasury) is required to submit an Initial Supplemental Report **no later than five (5) business days before the closing date of the SBLF funding**. For example, if the closing date is Thursday, August 4, 2011, then this report is due no later than Wednesday, July 27, 2011. In addition, participants must also submit a copy of their June 30, 2011 financial statements. If your CDLF's fiscal year-end was 9/30/2010, 12/31/2010, or 3/31/2011, your CDLF is required to submit its 6/30/2011 quarterly financial statements. If your CDLF's fiscal year-end was 6/30/2011, your CDLF is required to submit its 6/30/2011 annual financial statements.

The CDLF must also submit Quarterly Supplemental Reports, beginning in the quarter in which the funding occurs, as described in the separate Instructions for the Quarterly Supplemental Report for CDLFs Participating in the Small Business Lending Fund. All CDLFs participating in the SBLF are required to submit their first Quarterly Supplemental Report for June 30, 2011 **no later than five (5) business days before the closing date of the SBLF funding**.

ORGANIZATION OF THE INSTRUCTION BOOK

This instruction book is divided into three sections:

- (1) The General Instructions describing overall reporting requirements.
- (2) The Definition of Qualified CDLF Small Business Lending
- (3) The Line Item Instructions for each section of the Initial Supplemental Report.

PREPARATION OF THE REPORT

CDLFs are required to prepare and file the Initial Supplemental Report in accordance with these instructions. All reports shall be prepared in a consistent manner.

The CDLF's financial records shall be maintained in such a manner and scope so as to ensure that the Initial Supplemental Report can be prepared and filed in accordance with these instructions and will reflect a fair presentation of the CDLF's small business lending.

If you have general questions regarding this form, please contact the information line for the Small Business Lending Fund at 888-832-1147 (Monday-Friday, 9:00 AM-7:00 PM ET).

SIGNATURES

The cover (signature) page of the Initial Supplemental Report shall be used to complete the signature and attestation requirement. The CDLF may use digital or handwritten signatures; however, the choice will impact how the form is submitted. For details, see SUBMISSION OF THE REPORT instruction below.

Chief Executive Officer and Chief Financial Officer Declarations

Both the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the CDLF (or the individuals performing equivalent functions) shall sign the respective declarations on the cover (signature) page attesting to the correctness of the Initial Supplemental Report that the CDLF has filed with Treasury.

SUBMISSION OF THE REPORT AND 6/30/2011 FINANCIAL STATEMENTS

Each CDLF must file its Initial Supplemental Report no later than five (5) business days before the closing date by electronically entering the report data directly into the Report and emailing the completed copy, along with the cover (signature) page, to Treasury at SBLFSuppRpt@treasury.gov.

For CDLFs using digital signatures, the completed electronic report is submitted as a single document. For CDLFs using handwritten signatures, both the completed electronic report and a scanned copy of the entire report, including signature page, must be submitted.

Submission Date

A CDLF's completed Initial Supplemental Report must be filed with Treasury no later than five (5) business days before the closing date. A copy of its 6/30/2011 financial statements must also be submitted at the same time.

RETENTION OF REPORTS

In general, a CDLF should maintain in its files a signed and attested record of its completed Initial Supplemental Report, including any amended reports, for five (5) years after the report date, unless any applicable state requirements mandate a longer retention period.

MISCELLANEOUS GENERAL INSTRUCTIONS

Rounding

Dollar amounts must be reported in thousands with the figures rounded to the nearest thousand. Items less than \$500 must be reported as zero. The only exception is when reporting the whole dollar value of funding from the SBLF and the related change in Qualified CDLF Small Business Lending calculations.

Verification

All fields must be completed. All addition and subtraction should be double-checked before reports are submitted. Totals and subtotals in supporting materials should be cross-checked to corresponding items elsewhere in the reports.

RELEASE OF INDIVIDUAL CDLF REPORTS

All sections of the Initial Supplemental Report submitted by each reporting CDLF may be made available to the public by Treasury.

DEFINITION OF QUALIFIED CDLF SMALL BUSINESS LENDING

This is the same definition of Qualified CDLF Small Business Lending on the SBLF Initial Call Report for Community Development Loan Funds. Please use this definition to complete your CDLF's Supplemental Reports.

For a loan made by a CDLF to be eligible for inclusion in Qualified CDLF Small Business Lending, it must meet the following criteria:

- The original principal and commitment amount of the loan must be \$10 million or less.
- The loan must not be to a business with more than \$50 million in revenues.
- The loan must fall within one of the following four categories:
 - **Commercial and industrial loans:** Loans made for commercial and industrial purposes to sole proprietorships, partnerships, corporations (including non-profit corporations), and other business enterprises, whether secured (other than those that meet the definition of a "loan secured by real estate") or unsecured, single-payment or installment. This category includes microenterprise loans and lines of credit.
 - **Owner-occupied nonfarm, nonresidential real estate loans:** Loans secured by nonfarm, nonresidential commercial real estate property, including community facilities. The primary source of repayment must be the cash flow from the borrower/owner or enterprise's operations and activities (or an affiliate subsidiary or related Special Purpose Entity).

- **Loans to finance agricultural production and other loans to farmers:** Loans made for the purpose of financing agricultural production. Include such loans whether secured (other than those that meet the definition of a “loan secured by real estate”) or unsecured and whether made to farm and ranch owners and operators.
- **Loans secured by farmland:** Loans made for farmland and improvements and secured by mortgages or other real estate liens. Farmland includes all land known to be used or usable for agricultural purposes, such as crop and livestock production, grazing or pasture land, whether tillable or not and whether wooded or not.

Qualified CDLF Small Business Lending is defined, without consideration of tax status, to include borrowers that are sole proprietorships, partnerships, corporations, tax-exempt organizations, and cooperatives.

Some loans made by CDLFs will not count as Qualified CDLF Small Business Lending. The following list provides examples of loans that are excluded from Qualified CDLF Small Business Lending. This list is not exhaustive, but meant to provide guidance on the definition of Qualified CDLF Small Business Lending.

The Definition of Qualified CDLF Small Business Lending excludes:

- Loans for nonfarm, nonresidential real estate that is not owner occupied.
- Loans for nonfarm, nonresidential property construction and land development purposes.
- Loans for residential properties.
- Loans to individuals for household, family, and personal expenditures.
- Loans for lease financing receivables.
- Loans to depository financial institutions.
- Loans to nondepository financial institutions such as real estate investment trusts, mortgage companies, and insurance companies.
- Loans for the purpose of purchasing or carrying securities.
- Loans to governments.
- The guaranteed portion of any Small Business Administration (SBA) loan.

LINE ITEM INSTRUCTIONS

Initial Baseline Calculation

If an adjustment to your fund’s Qualified CDLF Small Business Lending occurred as a result of mergers and acquisitions or loan purchases from 10/1/09 through 6/30/10, complete Worksheet A on the following page to calculate pro forma balances¹ reported on line items 1 – 4 (pro forma balances in 3a – 3d are entered into 1a – 1d; pro forma balances in 6a – 6d are entered into 2a – 2d; pro forma balances in 9a – 9d are entered into 3a – 3d; and pro forma balances in 12a – 12d are entered into 4a – 4d).

Item No. Caption and Instructions

1a – 1d	Balances of commercial and industrial loans, complete for each of the four quarters
2a – 2d	Balances of loans secured by owner-occupied nonfarm, nonresidential properties, complete for each of the four quarters
3a – 3d	Balances of loans to finance agricultural production and other loans to farmers, complete for each of the four quarters
4a – 4d	Balances of loans secured by farmland, complete for each of the four quarters
5a – 5d	Subtotal (sum lines 1 – 4 for each column)
6a – 6d	Dollar portion of any such loans or group of such loans to the same borrower and its affiliates with an original principal or commitment amount greater than \$10 million
7a – 7d	Dollar portion of such loans to businesses with more than \$50 million in revenues, unless included in line 6 <u>Include</u> loans made to a business with more than \$50 million in revenues during the most recent fiscal year ended as of the date of the loan origination. If the recipient’s revenues for that fiscal year are unknown, use available annual revenue information reasonably proximate to that fiscal year.

¹ Balances refer to currently outstanding.

Item No. Caption and Instructions

- 8a – 8d Dollar portion of line 5 guaranteed by the U.S. government, unless included in lines 6 or 7
Include only the portion of the loan which is guaranteed by the U.S. government.
- 9a – 9d Dollar portion of line 5 where a third party has assumed an interest, unless included in lines 6, 7, or 8
Include only the portion where a third party has assumed an interest.
- 10a – 10d Total qualified loans (line 10 equals line 5 minus lines 6, 7, 8 and 9 for each date column)
- 11 Total of four quarters' qualified loans (sum line items 10a through 10d)
- 12 Initial CDLF Small Business Lending Baseline (line 12 equals line 11 divided by 4)
Include four quarters of qualified business loans divided by four to determine the average CDLF qualified lending baseline.

Worksheet A

Dollar amounts in thousands	9/30/09				12/31/09				3/31/10				6/30/10			
	Bil	Mil	Thou		Bil	Mil	Thou		Bil	Mil	Thou		Bil	Mil	Thou	
1. Balances of commercial and industrial loans																
	1a				1b				1c				1d			
2. Dollar value of such loans either gained through an acquisition of, or merger with, another fund or purchased from another fund during the quarter																
					2b				2c				2d			
3. Pro forma balances including such loans gained through an acquisition, merger, or purchase (line item 3a equals line items 1a+2b+2c+2d; line item 3b equals line items 1b+2c+2d; line item 3c equals line items 1c+2d; line item 3d equals line item 1d)																
	3a				3b				3c				3d			
4. Balances of loans secured by owner-occupied nonfarm, nonresidential properties																
	4a				4b				4c				4d			
5. Dollar value of such loans either gained through an acquisition of, or merger with, another fund or purchased from another fund during the quarter																
					5b				5c				5d			
6. Pro forma balances including such loans gained through an acquisition, merger, or purchase (line item 6a equals line items 4a+5b+5c+5d; line item 6b equals line items 4b+5c+5d; line item 6c equals line items 4c+5d; line item 6d equals line item 4d)																
	6a				6b				6c				6d			
7. Balances of loans to finance agricultural production and other loans to farmers																
	7a				7b				7c				7d			
8. Dollar value of such loans either gained through an acquisition of, or merger with, another fund or purchased from another fund during the quarter																
					8b				8c				8d			
9. Pro forma balances including loans gained through an acquisition, merger, or purchase (line item 9a equals line items 7a+8b+8c+8d; line item 9b equals line items 7b+8c+8d; line item 9c equals line item 7c+8d; line item 9d equals line item 7d)																
	9a				9b				9c				9d			
10. Balances of loans secured by farmland																
	10a				10b				10c				10d			
11. Dollar value of such loans either gained through an acquisition of, or merger with, another fund or purchased from another fund during the quarter																
					11b				11c				11d			
12. Pro forma balances including loans gained through an acquisition, merger, or purchase (line item 12a equals line items 10a+11b+11c+11d; line item 12b equals line items 10b+11c+11d; line item 12c equals line item 10c+11d; line item 12d equals line item 10d)																
	12a				12b				12c				12d			

Initial Adjusted Baseline Calculation

This section is used to adjust a fund's Initial Small Business Lending Baseline for increases in qualified loan balances as of 3/31/2011 resulting from an acquisition of, or merger with, another fund, and purchases of such loans on or after 7/1/2010.

Item No. Caption and Instructions

- 13 Initial CDLF Small Business Lending Baseline (line 12)
- 14 Balance increases in commercial and industrial loans resulting from an acquisition of, or merger with, another fund, and purchases of such loans on or after 7/1/2010
- 15 Balance increases in loans secured by owner-occupied nonfarm, nonresidential properties resulting from an acquisition of, or merger with, another fund, and purchases of such loans on or after 7/1/2010
- 16 Balance increases in loans to finance agricultural production and other loans to farmers resulting from an acquisition of, or merger with, another fund, and purchases of such loans on or after 7/1/2010
- 17 Balance increases in loans secured by farmland resulting from an acquisition of, or merger with, another fund, and purchases of such loans on or after 7/1/2010
- 18 Subtotal (sum lines 14, 15, 16, and 17)
- 19 Dollar portion of any such loans or group of such loans to the same borrower and its affiliates with an original principal or commitment amount greater than \$10 million
- 20 Dollar portion of such loans to businesses with more than \$50 million in revenues, unless included in line 19
Include loans made to a business with more than \$50 million in revenues during the most recent fiscal year ended as of the date of the loan origination. If the recipient's revenues for that fiscal year are unknown, use available annual revenue information reasonably proximate to that fiscal year.
- 21 Dollar portion of line 18 guaranteed by the U.S. government, unless included in lines 19 or 20
Include only the portion of the loan which is guaranteed by the U.S. government.
- 22 Dollar portion of line 18 where a third party has assumed an interest, unless included in lines 19, 20, or 21
Include only the portion where a third party has assumed an interest.
- 23 Qualified balance increases (line 23 equals line 18 minus lines 19, 20, 21, and 22)
- 24 Initial Adjusted CDLF Small Business Lending Baseline (line 24 equals line 13 plus line 23)

Initial Quarter-End Qualified CDLF Small Business Lending

All CDLFs participating in the Small Business Lending Fund must complete this section. All figures are to be reported in thousands of dollars. Report balances as of 3/31/2011.

Item No. Caption and Instructions

- 25 Balances of commercial and industrial loans
- 26 Balances of loans secured by owner-occupied nonfarm, nonresidential properties
- 27 Balances of loans to finance agricultural production and other loans to farmers
- 28 Balances of loans secured by farmland
- 29 Subtotal (sum lines 25, 26, 27, and 28)
- 30 Dollar portion of such loans or group of such loans to the same borrower and its affiliates with an original principal or commitment amount greater than \$10 million
- 31 Dollar portion of such loans to businesses with more than \$50 million in revenues, unless included in line 30
Include loans made to a business with more than \$50 million in revenues during the most recent fiscal year ended as of the date of the loan origination. If the recipient's revenues for that fiscal year are unknown, use available annual revenue information reasonably proximate to that fiscal year.
- 32 Dollar portion of line 29 guaranteed by the U.S. government, unless included in lines 30 or 31
Include only the portion of the loan which is guaranteed by the U.S. government.

Item No. Caption and Instructions

- 33 Dollar portion of line 29 where a third party has assumed an interest, unless included in lines 30, 31, or 32
Include only the portion where a third party has assumed an interest.
- 34 Total initial quarter-end qualified CDLF small business loans (line 34 equals line 29 minus lines 30, 31, 32, and 33)

Net Charge-Off Adjustments to Initial Quarter-End

All figures are to be reported in thousands of dollars. Report net charge-offs as of 3/31/2011 for the period from 7/1/2010 through 3/31/2011.

Item No. Caption and Instructions

- 35 Net charge-offs on commercial and industrial loans on or after 7/1/2010
- 36 Net charge-offs on loans secured by owner-occupied nonfarm, nonresidential properties on or after 7/1/2010
- 37 Net charge-offs on loans to finance agricultural production and other loans to farmers on or after 7/1/2010
- 38 Net charge-offs on loans secured by farmland on or after 7/1/2010
- 39 Subtotal (sum lines 35, 36, 37, and 38)
- 40 Dollar portion of net charge-offs on any such loans or group of such loans to the same borrower and its affiliates with an original principal or commitment amount greater than \$10 million
- 41 Dollar portion of net charge-offs on loans to businesses with more than \$50 million in revenues, unless included in line 40
- 42 Dollar portion of net charge-offs on loans guaranteed by the U.S. government, unless included in lines 40 or 41
- 43 Dollar portion of net charge-offs on loans where a third party has assumed an interest, unless included in lines 40, 41, or 42
- 44 Total net charge-offs (line 44 equals line 39 minus lines 40, 41, 42, and 43)
- 45 Quarter-End Adjusted Qualified CDLF Small Business Lending (line 45 equals line 34 plus line 44)

Change in Qualified CDLF Small Business Lending Calculation

Complete this section to determine your CDLF's percent change in Qualified CDLF Small Business Lending.

Item No. Caption and Instructions

- 46 Dollar value of funding from the Small Business Lending Fund
- 47 Dollar value of Initial Adjusted CDLF Small Business Lending Baseline (line 24)
- 48 Dollar value of Quarter-End Adjusted Qualified CDLF Small Business Lending (line 45)
- 49 Dollar value of increase in Qualified CDLF Small Business Lending from baseline (line 49 equals line 48 minus line 47; if dollar value decreased, reflect in parentheses)
- 50 Percent increase in Qualified CDLF Small Business Lending (line 50 equals line 49 divided by line 47)

June 30, 2011 Ratio Calculations

To be eligible for SBLF funding, your institution must meet the criteria specified in this section. If your CDLF's fiscal year-end was 9/30/2010, 12/31/2010, or 3/31/2011, you only need to complete Step 1; if your CDLF's fiscal year-end was 6/30/2011, complete Step 1 and Step 2.

Step 1: Please use your 6/30/2011 financial statements to complete. These tables correspond to tables B, D, E, F, and G, respectively, from the Eligibility Worksheet in your application.

Step 2: If your CDLF's fiscal year-end was 6/30/2011, complete this section. These tables correspond to tables A, and C, respectively, from the Eligibility Worksheet in your application.