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1	CDFI Program - Public Comments for Paper Reduction Act Renewal - OMB # 1559-0021				
2	Organization/Commenter	1. Is targeting CDFI Program award funds into highly distressed communities an appropriate use of CDFI Program funds?	2. Are there ways that the fillable PDF application form can be improved that would ease applicant paperwork burden?	3. Should detailed Matching Funds documentation be collected later in the application review process and, if so, what would be a reasonable amount of time to expect an applicant to provide such documentation?	4. Does the application ask the appropriate questions to determine applicants' financial health and viability?
3	Community Development Bankers Association	<p>All CDFIs work in distressed, underserved markets. Use of geographic units (e.g. census tracts, counties) only to prioritize applications is too narrow. The approach ignores the needs of target markets that are distressed and/or underserved due to income, race, ethnicity or other factors. The current application and evaluation process prioritizes CDFIs that are able to commit to target funds to pre-identified geographic units. We find this system impractical and counter to the market-orientation of the CDFI business model. By requiring applicants to pre-select the geographic area they will serve, it removes their ability to respond to real market demand. We encourage the CDFI Fund discontinue prioritization based on geographic unit distress criteria. If this approach is not discontinued, the CDFI Fund should also give additional consideration to the degree to which an applicant will focus its resources of low income or other underserved target markets.</p>	<p>The fillable PDF application proved challenging for applicants. Numerous technical issues made the application inefficient, frustrating, and subject to errors. The PDF also significantly limit the quality and type of data that can be submitted. For example, the format does not allow charts, tables or other graphic presentations of data that may be more effective in responding to questions or telling a CDFI's story.</p> <p>Table E (Customer Profile) is highly problematic. In particular, the columns requesting data on race and gender create a bias against regulated financial institutions that are not legally permitted to collect such information in their core systems. While applicants are not required to complete all columns, a failure to provide such data puts an applicant at a competitive disadvantage relative to non-regulated CDFIs that can collect it. Second, the practical difficulties of collecting demographic information on the low income beneficiaries of projects financed by a CDFI that are for a commercial or community facility or jobs created on a business loan further bias the evaluation process toward CDFIs offering products loan products directly to individuals (e.g. micro loans, single family home owner).</p> <p>All CDFIs serve unique market niches and craft loan products and services to address those needs. For Charts H and J, the pre-selected types of loans were too narrow to describe the products of many applicants. We recommend that the application allow CDFIs to name their own products and amend the chart labels to reflect their own naming conventions. Furthermore, the static nature of the fillable PDF makes it impossible to change chart headers or column widths to ensure the information reported is accurately labeled. Table I for Financial Services is similarly rigid and provides insufficient characters to adequately describe an applicants products.</p>	<p>The CDFI FA application is very challenging. Allowing applicants to submit matching funds documentation at a later date would significantly reduce the paperwork burden at the time of application. We recommend that documentation only be requested after an applicant has received notice of an award or after they have been deemed competitive enough to receive an award.</p> <p>Consistent with industry recommendations submitted to the CDFI Fund in response to the Notice for Public Comment published in March 8, 2010 on needed amendments to the CDFI Program, we urge the CDFI Fund to exercise greater flexibility in its interpretation of the requirement that matching funds be "comparable in form and value" to assistance requested. Current capital and philanthropic markets are challenging for all CDFIs and will continue to be weak for the foreseeable future. Furthermore, the current system creates unintended biases against all but the largest CDFIs that can consistently count on receiving at least \$1 million or more in non-Federal philanthropic support. We believe that, even without a statutory amendment, the CDFI Fund has flexibility in establishing alternative standards as to what constitutes "comparability in form and value"</p> <p>and we encourage you to engage the CDFI industry in discussions that will enable a broader group of CDFIs to fully participate in the program.</p>	<p>The application asks appropriate questions on financial health and viability, but provides insufficient writing space to fully respond to the questions asked. The application no longer requests information on the sustainability of an applicant nor gives consideration in the evaluation process to a CDFI's ability to operate viably without dependence on grant funding or the capacity to leverage higher levels of capital from external sources. We recommend these changes be incorporated into a revised application. Management is the most critical factor in the financial health, viability and success of a CDFI. Tables K and L in the application allow applicants insufficient space to discuss the qualifications of management, staff, board members or other advisors. We recommend that applicants be permitted to submit supplemental resumes or other biographical information. We further recommend that Table M3 be amended to better align with the definitions and categories of the standard Federal Call Report.</p>

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4	CDFI Coalition	<p>The CDFI Coalition believes that all CDFIs are serving markets and borrowers/investees that are underserved, and generally in most CDFI's service areas there are a number of communities or populations that are experiencing high distress. Thus, we endorse CDFIs as the only class of lenders exclusively devoted to low income communities and to borrowers who cannot access credit and capital from other sources. We do not, however, believe that the use of geographic units, such as counties or census tracts, is an appropriate means for targeting program funding. For example, CDFIs engaged in business lending assess their market by the difficulty borrowers have in accessing credit, not by the location of the borrower in a particular census tract.</p> <p>Because distress does not fit neatly into geographic locations, the Fund should require applicants to describe the types of distress being experienced by their target borrowers/investees. Such distress may be based on geographic location or other factors, and applicants should provide sufficient information to enable the Fund to ensure that program funding is going to CDFIs who best understand their markets, the distress among their borrowers/investees, and that they are offering financial products and technical assistance that are responsive.</p>	<p>As with any significant change to a process, the introduction of the fillable pdf presented challenges to applicants in terms of format, content, and process. While we understand and appreciate the Fund's desire to use this government-wide platform, we believe all of these areas can be improved with more flexibility and clarity. Members have commented that they would prefer a return to a Word/Excel version of the application.</p> <p>Format</p> <ul style="list-style-type: none"> • Within the PDF files there were issues that made it harder, longer, and more subject to errors for applicants to provide information. These include: <ul style="list-style-type: none"> o Inability to cut and paste from Excel files o Inability to expand rows, for example on the Board and Staff charts which led to both a 5 person limitation and a 50 character limit on their importance to the organization. • The PDF limited the presentation of information in the narrative sections, as well. For example, it was not possible to insert self-created tables or charts that might have presented data in a more economical manner than text, which uses a higher number of precious characters. <p>Content</p> <ul style="list-style-type: none"> • Question 4, regarding distress in the Target Market seems very repetitive, and we suggest that it be changed as follows: <ul style="list-style-type: none"> o Discuss your Target Market in the context of the Distress Index found at [link]. o Please provide additional information and data from the field that corroborates the Distress Index data in your Target Market. - If there are other types of data beyond that presented in the Distress Index, or if the Distress Index is in some way inadequate to substantiate the distress in the Target Market please discuss, using quantitative and/or qualitative data to the extent possible. - Discuss the extent of economic distress within your Target Market, in terms of access to credit, capital, and 	<p>The requirement to assemble matching funds documentation could be done at a point in the process when the Fund knows which applications are highly scored and likely to receive funding. This would reduce the paperwork burden by eliminating the submissions for applicants that did not score highly enough. Accordingly, we recommend that applicants fill out the Matching Funds chart and submit it with the application, but not require submission until the award pool is clearly define.</p>	<p>The Fund should ask for more discussion in the narrative responses, in particular to subquestions 13-17 in Question 6b. Subquestion 13 could be revised to ask that the applicant refer to entries on the M chart that support its narrative and direct the applicant to more fully explain why a particular ratio is indicative of financial health, and how the financial ratios relate to one another with respect to their financial health. Subquestions 16 and 17 could be revised to ask the applicant to describe their plans to raise additional lending capital and to describe their budget as well as how they plan to support their operating expenses over the 3 year period, again with specific references to the M chart.</p>

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5	Community Development Vent	<p>We believe that targeting CDFI program funds to highly distressed areas is unproductive, and in fact harmful, at least with respect to CDVC funds. The goal of CDVC CDFIs is job creation for low-income people. However, labor markets are regional. I do not live in the same census tract where I work—I take the subway to work—and many people do not work in close proximity to the place where they live. Targeting venture capital investment to the lowest income areas will not, therefore, necessarily result in creating jobs available to low-income people.</p> <p>The goal of CDVC funds is to invest in strong, healthy businesses with substantial promise of high growth. These are the businesses that produce large numbers of good jobs for low-income people. Strict geographic targeting will have one or both of the following negative consequences. First, to the extent that CDVC funds participate in the CDFI program, their investment dollars will be driven to businesses in the lowest income census tracts where services, market connections, and infrastructure are weak, making it less likely that they will survive and grow. Second, many CDVC funds may opt out of applying to the program entirely, because they know their business model does not fit well with strict geographic targeting. There is already a problem that CDVC funds find it difficult to make use of the CDFI program, and it would be unfortunate to make that problem worse. If the Fund wants to assure that its dollars are directed to uses that have the highest impact on lower income people—an important goal—it should let each CDFI explain through the application process how it will accomplish this goal and score applications accordingly. Note that the focus should be on low-income people, not low-income census tracts.</p> <p>Finally, to the extent that the Fund insists on some geographic targeting, we believe that requiring pre-identification of counties or census tracts where investments are to be made accomplishes little and is, in fact, detrimental. This pre-identification of target areas may make sense for small, geographically-focused CDFIs. But CDVC funds typically cover large multi-state regions, as their investment models require. CDVC funds search through large geographic areas to find the few businesses that meet their investment profiles of high growth. They do not know in advance in which of the many low-income counties or census tracts these businesses will be located. Requiring pre-identification of investment areas simply limits a fund's ability to find the best investments. If geographic targeting is to be required, we suggest</p>			

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6	Community Housing Capital	<p>Targeting of resources to the most distressed areas can actually retard growth in some cases. Particularly for affordable housing providers, the issue seems to be where there is the greatest need for such housing. While it's somewhat counter intuitive, the answer is frequently not in the most distressed areas - since they already have an overabundance of affordable units (albeit in varying stages of disinvestment and where additional investment is not economically viable). What is needed in those places is other resources, including a greater income mix of residents. However, the Fund may not be able to develop a nuanced and sophisticated enough process to account for the variations of need across different types of activities as part of the scoring process. Realistically, though, there is a greater need for affordable housing in many of the rapidly growing suburbs than there is in distressed inner-city markets such as Cleveland, Baltimore, and St. Louis.</p>	<ul style="list-style-type: none"> Community Housing Capital (CHC) is an affordable housing lender, as are organizations such as Boston Community Loan Fund, LISC, Enterprise Community Partners, and the Chicago Investment Corporation. The data fields associated with the category "Affordable Housing" tend to focus too much on those CDFIs that do direct mortgage lending to individuals and doesn't adequately account for the large number of CDFIs that lend to developers to build or rehabilitate affordable units (typically at more attractive terms and rates than private sector lenders). By grouping loans by who benefits (end purpose= affordable housing) vs the purpose of the loan itself, the Fund's classification structure penalizes entities similar to CHC. There should be an improved way for affordable housing lenders such as CHC to report their activities, and we should be compared to other CDFIs lending to developers. We would also like to note that many of the CDFIs that lend to developers of affordable housing are involved with the financing of projects that use LIHTCs. LIHTC regulations require that a certain proportion of units be set aside for households making 60% or less of AMI. Indeed, many (if not most) of the projects adhere to LIHTC guidelines, which define very low-income as <60% and extremely low-income at 30%. Many of the property owners or managers simply document whether a given household's income falls below the particular threshold; they do not necessarily report how far below that threshold the household falls. For the most part, the CDFI is dependent on the developer or project owner to provide the data. Therefore, it would be more helpful if the Fund recognized the LIHTC thresholds for CDFIs lending to affordable housing developers. Including a new field to capture loans that benefit those <60% would also allow the Fund to better report the impact of deployment of its funds for the benefit of lower income households. Greater focus by the Fund on the self-sufficiency of applicants' lending programs would have multiple benefits. There are plenty of organizations that are heavily grant dependent because of their range of non-lending activities; for all practical purposes, such 		

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7	Community Loan Fund	<p>Our successes over the last three decades suggest that the answer is no.</p> <p>The New Hampshire Community Loan Fund is proud of the impact we have had financing affordable housing for low-to-moderate income households across New Hampshire. Our surveys indicate that 75 percent of the people we have served are low-to-moderate income. These people include the vast majority of the residents of the manufactured housing communities we have helped finance for resident ownership. Those communities are home to 5,107 households. The vast majority of households whose homes we have financed with our mortgage products are also low-to-moderate income. And our lending to nonprofit child care centers provides essential services to working parents.</p> <p>As you know, however, New Hampshire is a relatively prosperous state with one of the highest median household incomes in the nation. Poverty in New Hampshire is rarely concentrated in areas that would show up as "highly distressed communities" using typical definitions that focus primarily on urban areas or contiguous rural areas with persistent poverty. Instead, New Hampshire's low-income households are dispersed across the state. Indeed, some of the most difficult challenges are faced by low-income households who live or work in the more affluent regions of the state. The last Census report showed that 7.8 percent of the state's population –about 18,000 households – lives at or below the federal poverty level. Even if these households were adjacent to each other, they might not comprise a "highly distressed community," depending on the definition.</p> <p>Any funding strategy that is tied too tightly to specific places will have unintended consequences. For example, a CDFI whose goal is to support agricultural operations in rural areas may conclude that its most productive investments are in food processing operations or even restaurants in relatively affluent areas. The key is impact, not location.</p> <p>The CDFI Fund should make its awards to CDFIs that can make the case that they will have a powerful impact aligned with the purposes of the Fund. A combination of experience, effective program management, appropriate financial tools, an ability to leverage private financial resources, a track record of innovation in program design and delivery, and broad community support and trust will enhance a CDFI's impact. These factors should count at</p>			<p>We recommend that the CDFI Fund make greater use of the independent CDFI Assessment and Rating System – CARS – in determining the financial health and viability of applicants. CARS is objective and provides a far more thorough and nuanced analysis than can be achieved through the CDFI Fund application process itself. Relying on CARS will provide the CDFI Fund with a reliable basis for comparing CDFIs and will over time encourage more CDFIs to use the system, thus accelerating the maturation of the industry and its transparency within the financial system.</p>

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8	CU Strategic Planning	Yes.	<p>Yes, our summary is below:</p> <ol style="list-style-type: none"> 1. The fillable PDF is a document that creates several opportunities for errors in which can prevent an application from being submitted successfully. For example: <ol style="list-style-type: none"> 1. If you create your narratives in Word and copy and paste it over, certain fonts can create issues when uploading the document. n. Special characters will result in errors when uploading the document. m. Adobe versions have to be consistent when the PDF is accessed by multiple users. It would not cause an instant issue but will during upload and the only way to fix it is to start a brand new application which is time consuming. 2. PDF is extremely slow to load/open. 3. TableD- Score for Quantitative Baseline/Economic Distress <ol style="list-style-type: none"> i. Column to input census tract was not included, resulting in having to attach yet another document to the application, leaving room for error. 4. Table E-Customer Profile <ol style="list-style-type: none"> 1. No clear instructions on how to complete this. In addition the column "Certified Investment Area" is misleading, considering some CDFI's are certified based on LITP or OTP and not IA. 5. Financial Charts <ol style="list-style-type: none"> 1. Having these charts within the PDF application and not as an Excel attachment caused numerous issues: <ol style="list-style-type: none"> 1. Excessive amount of time entering in each field versus being able to use formulas in Excel. 2. Moving around within the PDF between cells was only by tab or a mouse click, versus being able to use arrow keys in Excel. 3. Staff spent excessive amounts of time double/triple checking the numbers. 4. Inability to copy and paste rows from Excel into the PDF. You could only copy an individual cell, or input the numbers manually which can lead to errors. 5. Created numerous opportunities for mistakes. 	No. Requesting Matching Funds documentation at the	NO, The PAR is a good measure. We suggest the Annual Net Loan Loss Ratio standard be changed to < 1.00%. Also, we suggest the LLL standard be deleted or replaced. Both the regulator and external auditors review the adequacy of the loan loss reserves on an annual basis. In some instances a credit union has historically very few loan losses and more than adequate reserves but they fail this standard because of a jump in losses and no need to increase the reserves. For example, if loan losses increased from \$25,000 to \$50,000 the standard would not be met if reserves did not also increase 100%. In many cases the reserve is more than adequate.

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9	The Disability Fund	Targeting CDFI Program award funds into highly distressed communities is AN appropriate use of CDFI Program funds, but should not be the exclusive focus. As you know, we are a national certified CDFI with a mission of funding projects which assist low-income people with varying disabilities, regardless of geography. Our work is consistent with United States public policy which is to insure people with disabilities have an ability to live in their community. While some of our work fits nicely into "highly distressed communities," we also serve people in other areas.	There is only one difficult issue we experienced with the PDF of the application: it was difficult to "cut and paste" into the boxes and it appeared that when we did, the application would disappear and then reappear. Not understanding the technology behind the application, there seems to be room for improvement to make it more "user- friendly."	The simple answer to this is "Yes." We gather Matching Funds documentation all year long and create a PDF ready for submission, but it is another large document which needs to be attached to the application. That simple action of attaching this document to an already complex PDF system is unnecessary at the application stage. Upon receiving an award, applicants should only need 7 – 14 days to submit the required documentation.	The application was very helpful in allowing us to explain the story of our financial viability. The charts were user-friendly and the narrative allowed ample opportunity to tell our story.
10	Robert Lyon				<p>Relative to whether the application asks the appropriate questions to determine applicant's financial health, I have several observations related to the loan portfolio quality minimum prudent standards for non-regulated entities, specifically the chart located on page 33 which reflects product groups and PAR standard "ceilings".</p> <p>1. As PAR is defined as those loans past due 90 days or more, a standard of 10% for business loans is considered excessive, and encourages undue risk taking.</p> <p>2. Why a 15% overall MPS is cited does not make sense, as each of the product grouping thresholds is less than such number. What this seemngly suggests is that it would be acceptable to have say business loans with a PAR or say 30%, if the other categories resulted in the weighted PAR being below 15%.</p>

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11	Enterprise Community Loan F	As stated in the CDFI Coalition letter, the use of geographic units such as counties or census tracts is not an appropriate means for targeting program funding. These units would seemingly target more rural communities, which while important, ignore a high degree of need in urban areas. CDFIs like Enterprise Community Loan Fund are serving markets and borrowers that are underserved, and service areas often include communities or populations that are experiencing high distress. For example, many of the urban communities we serve have a significant need for not only affordable housing (due to gentrification and high living costs), but also appropriate access to transportation and community services.	Enterprise recommends posting more guidance for using the grants.gov interface, instructions on the PDF application technical limits and requirements and opening and utilizing the PDF posted on the grants.gov website. There were multiple issues surrounding the application, including: <ul style="list-style-type: none"> • Differences in the way the grants.gov PDF counted characters for the "validation" process and the way grants.gov ultimately calculated characters when it accepted the application. • Converting Word formatting into "text" format in order to cut and paste into the PDF document. • The inability to cut and paste from Excel files (specifically charts M1, J, O and P), which potentially creates errors when transferring the numbers and formulas from the Excel document to the charts in the PDF application. • The inability to expand rows, for example on the Board and Staff charts, both of which had a 5 person limit and a 50 character limit for the explanation around their importance to the organization. <p>In addition to technical issues with the PDF application, in some cases the application questions were vague, limiting and needed further clarification. A few suggestions to improve the application are as follows:</p> <ul style="list-style-type: none"> • For charts H and J, the pre-selected types of loans were too narrow, in addition to being limited to only 7 products. It would be better to allow applicants to list what types of loans they provide and therefore make their naming conventions for the charts consistent with their narrative. • Applicants must submit 3 years of audited financial statements plus the most recent quarter. It would be helpful to have the Fund direct the date through which they expect the unaudited statements. It was not clear whether September 30 was acceptable, since the application was due after December 31, 2011. • Use a consistent number of years for projection purposes to avoid confusion. The application asked for 5 years of projections in some questions, and 3 years for purposes of the award period in others. We suggest that the Fund use a 3 year period, as the 4th and 5th year projections are subject to numerous assumptions. 	The CDFI Fund could ask applicants to certify that matching funds are or will be in hand at the time of the award and the requirement to assemble matching funds documentation could be done at a point in the process when the Fund knows which applications are highly scored and are likely to receive funding. This would reduce the paperwork review burden by the Fund team as well as the paperwork burden for applicants by eliminating submissions that did not score highly enough to qualify for an award.	The Fund should rely less on the submission of audited financial statements and the M Chart/MPS calculations to assess financial health and viability, and more on narrative responses. This is of particular importance to subquestions 13-17 in Question 6b. Subquestion 13 could be revised to ask that the applicant refer to entries on the M chart that support its narrative. Subquestions 16 and 17 could be revised to ask the applicant to describe their plans to raise additional lending capital and to support their operating expenses over the 3 year period, and how those plans relate to the M Chart.

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12	National Federation of Commu	<p>It is valid for the CDFI Fund to target highly distressed communities, but many of these communities cannot be identified by census-tract or county-level data. Pockets of poverty and extreme economic distress exist in every part of the country, and many CDFIs focus exclusively on serving communities of low-income people who cannot afford the financial products and services offered by local institutions that cater to their more affluent neighbors. CDFIs can build a critical bridge to these low-income populations, and we believe CDFIs in these areas should also be able to compete on an even basis for FA and TA awards.</p> <p>Credit unions have a particular challenge with geographic targeting, since many credit unions have fields of membership that are defined by affiliation – such as membership in a given church – and not by geography. These geographically dispersed credit union members can include people with disabilities or recent immigrants with intense levels of financial distress. The current FA and TA application provides detailed quantitative measures of distress for geographic areas, but does not allow a similar presentation of distress among geographically dispersed populations served by CDFIs. If the CDFI Fund is to direct awards to highly distressed communities, the scoring system should be revised to recognize the levels of distress among communities that are defined in a variety of ways, and not simply by geography.</p> <p>As noted above, indications of need in an area should be synchronized between the certification, mapping system and grant applications. They should all use the same measures of need, geographic units, and data sources. The application should use a measure of need and minimize changes from year to year.</p>	<p>The PDF fillable form can be improved by thorough testing before release to make sure the fields will accept entries from all types of applicants, small and large. Three specific changes would greatly reduce the burden on applicants:</p> <ul style="list-style-type: none"> • Spreadsheets should be modified to allow applicants to copy and paste multiple cells from Excel workbooks or import entire spreadsheets. The current spreadsheet requires the manual re-entry of data from financial reports and spreadsheets, which increases both the time required and the probability of error. • Narrative fields should allow formatting to include charts, tables and graphics. These narrative elements make it easier to summarize and present complex information in a simple, efficient manner, but the current text-only format forces applicants to use many more words than necessary. • Tables should be expandable so that the full number of Board and key staff members can be entered. Most CDFIs have more board members and key staff than can be entered in the current format. 	<p>Although most credit unions use retained earnings for their match, some do not, and most non-depositories use grant and other income as match. Having to document matching funds as part of the application process is time-consuming for both the applicant and the Fund, if the legal staff is involved as early as they have been in the past. It would make more sense to delay this till at least an initial cut has been made.</p> <p>The Federation is concerned about one specific requirement that applies only to credit unions that meet their match requirement with retained earnings since inception. Credit unions in this category must also demonstrate increases in loans and/or shares equivalent to 25% of the amount of their FA request within the last full fiscal year. For most credit unions, the total balances of loans and shares can fluctuate significantly from month to month and quarter to quarter, and there is no logical connection between a credit union's net worth, patiently accumulated since inception, and the end- of-year loan and share balances which will swing significantly with a due to cyclical and non- cyclical factors. The Federation asks that the CDFI Fund remove this needless requirement.</p>	<p>As noted above, the financial health and viability questions are far too detailed and repetitious, particularly for regulated CDFI credit unions and banks that are publicly examined for this purpose.</p>

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13	Fund Consulting	<p>The CDFI Fund's goal of targeting CDFI program funds into highly distressed areas is an important strategy and one that is essential in fulfilling the Fund's mission to build the capacity of CDFIs to provide credit, capital and financial services in communities that need it most, but which are often overlooked. However, the means by which the CDFI Fund currently selects these communities – through the use of a priority point system to target specific geographic areas – does not always serve in the best interest of achieving this goal.</p> <p>In the past, the market study section of the application served this goal well – it provided applicants with the opportunity to clearly describe the communities within their designated Target Market that demonstrated the greatest need and demand for capital and financial services. More importantly, the market study section of the application served to highlight an applicant's understanding of its Target Market and its direct relationship with the organization's mission, products, and real world business plan.</p> <p>Although not the intent of the priority point system, because the application round is highly competitive, the reality of the system is that applicants feel as if they must commit to priority point areas in order to receive an award. Therefore, the priority points system pigeonholes most applicants, compelling them to selectively target geographic areas in order to receive priority points – even when such a strategy is not a good fit for the organization. One possible solution to this problem that would maintain the intent of the system would be to determine priority points based on the percentage of an organization's past activities provided to highly distressed communities. This system would also build on the CDFI Fund's goal of capacity building through the CDFI program. By awarding priority points to applicants that have a track record of serving highly distressed communities, the CDFI Fund will be supporting CDFIs that have demonstrated serving these communities as part of their business plan. It would also seek to highlight those CDFI's with the greatest capacity and ability to effectively serve highly distressed communities.</p> <p>In addition, the current priority points system excludes applicants primarily serving Other Target Populations or Low-Income Target Populations. These CDFIs are at a disadvantage due to the fact that the priority points system focuses on geographic location,</p>	<p>The fillable PDF currently utilized by the CDFI program is difficult for applicants to use for a number of reasons as outlined below. The primary difficulties with the fillable PDF are that it duplicates the effort necessary to complete the application and greatly increases the chance for errors and confusion:</p> <ul style="list-style-type: none"> • The application charts do not allow applicants to copy and paste information into the fillable PDF. In addition to increasing the amount of time and effort for applicants to complete the application, this increases the chances that incorrect information is entered. This is of particular importance with Table M (Financial Data Input) from which the minimum prudent standard ratios are calculated for loan fund applicants. • Table N (MPS Ratios) for banks does not allow for a negative number to be entered for the equity capital ratio in the 2010 column. • Several versions of the FY2012 application were released, which resulted in inconsistencies with the number of years for which projections were requested and the fiscal year information automatically populated for Table J (Financial Activity Levels) and Table M (Financial Data Input). Some applications were submitted and accepted with three years of projections, while others completed and discussed five year projections as requested by the CDFI Fund. In addition, the incorrect fiscal year for the current, past, and projected years for any applicant without a 12/31 fiscal year end lead to much confusion and difficulty in comparing the application narrative to the application tables. • With the introduction of priority points for census tracts in the FY2012 application, Table D (Score for Quantitative Baseline/Economic Distress) is confusing to applicants because it requests county information. • The current character limits for Tables K and L (Staff and Board Summary Information) do not allow an applicant to accurately describe the important role these individuals serve in implementing the comprehensive business plan. • Character limits for Table H (Financial Products Rate Sheet) and Table I (Financial Services Rate Sheet) do not allow an applicant to accurately describe a 	<p>Applicant paperwork burden could be reduced if applicants did not have to provide proof of matching funds documentation at the time the application is submitted. Currently, matching funds documentation is required of all applicants, regardless of scoring. By requesting matching funds documentation at a later time and only from applicants whose scoring meets the threshold for award consideration, the paperwork burden on applicants as well as the CDFI Fund would be greatly reduced.</p>	<p>The financial data that the CDFI Fund currently requests from applicants is not comparable to the actual structure of most organizations' finances and financial statements. As such, the data collected in Table M should be more closely aligned with the way that organizations track and maintain their own finances and the manner in which audits are completed in order to streamline the information collected.</p> <p>In addition, the financial data requested of regulated institutions is not consistent with the financial reviews completed by regulators. By requesting regulated entities to complete Table M and also submit Call Reports, which are standardized among banking institutions as well as credit unions, the CDFI Fund is increasing the paperwork burden and duplicating the information provided. More importantly, the CDFI Fund should request specific peer data to provide a consistent comparison and a benchmark for regulated entity performance ratios.</p> <p>Further, applicants should only be required to provide three years of financial projections instead of five. Requesting that applicants provide five years of financial projections does not align with the three year performance period for FA awardees. Additionally, projections beyond three years are not typical for business plans as they are not very accurate. Projecting out five years is difficult with the many environmental and organization changes that can take place over the course of five years.</p>

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14	Hawaiian Community Assets	<p>Yes. CDFIs are often located in, and have unique experience in serving, highly distress communities. With this level of expertise and established trust, CDFIs are able to create a bridge for low-income individuals and families to develop relationships with mainstream financial institutions.</p> <p>In terms of economic stability, targeting CDFI program award funds to said communities provides the opportunity for job growth, sharing of financial knowledge in a place-based and culturally-appropriate manner, and development of evaluation tools and data reports to offer insight into the diverse needs of low-income communities across our nation.</p> <p>With regards to Native CDFIs, we believe there is not only a need to target CDFI program award funds to highly distressed Native communities, but also to hold CDFIs accountable for identifying themselves in this way. Unfortunately, we have found that larger credit unions in our state, who lack representation of the Native Hawaiian community at the Board level and missions to serve our community, have received funds as Native CDFIs. This makes it extremely hard for nonprofit loan funds with appropriate community representation and missions dedicated specifically to address the economic needs of Native Hawaiian community to compete for Native CDFI funds. Furthermore, with their financial expertise and large operating budgets, credit unions have potential to draw on funds that could help establish a more robust Native nonprofit community loan fund industry able to effectively partner with credit unions and therefore, spark greater collective impact by maximizing connections to, and within, our Native communities.</p> <p>We encourage that the CDFI Fund review its policies and procedures with regards to the allocation of Native CDFI program award funds, prioritizing Native representation at the Board level and within mission statements to ensure accountability of Native CDFIs to their community. Additionally, we encourage the CDFI Fund to establish a process that would allow for Native CDFIs to partner, not compete with, credit unions for Native CDFI funds specifically, thus leading the way for greater collective impact with the available funds.</p>	We do not see the need for application improvement to ease the applicant paperwork burden at this time.	<p>Yes. As an Executive Director, it is much easier to utilize Federal financial support to attract non-Federal match funds. By collecting Matching Funds documentation later in the application review process or even after "tentative" award, CDFI Fund would allow CDFI leadership greater opportunity to establish funding partnerships with local private and government capital.</p> <p>We encourage the CDFI Fund to review the Matching Funds requirement implemented by the Federal Administration for Native Americans and determine the feasibility of providing "tentative" awards dependent upon an awarded CDFI's ability to raise necessary match funds within a specified time period.</p>	Yes. The application asks appropriate questions to determine an applicant's financial health and viability. We encourage no changes on this aspect at this time.

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15	Housing Partnership Network	<p>Incentives to serve the most highly distressed communities and households are welcome, but they should be flexible and not tied to specific small geographic areas. Targeting CDFI Program award funds into highly distressed communities is an appropriate use of CDFI Program funds. However, in practice, targeting funds for use in specific geographic areas can restrict the flexibility of the funds and can therefore reduce a CDFI's ability to respond to the needs in its Target Market (which may be defined by geography or by population). Because the CDFI Fund's FA awards are one of the most flexible, impactful sources of capital available to CDFIs, any restrictions on the use of awards should still allow CDFIs to be nimble and responsive to Target Market needs.</p> <p>▫ HPN does not recommend continuing the system used in the 2012 application, which awarded distress points to CDFIs who committed to deploy their funds in specific predetermined census tracts. For CDFIs like HPN with national, population-based Target Markets, as well as for CDFIs who serve large urban areas or regions, targeting funds to specific census tracts—more than a year in advance of actual receipt of those funds—is impractical and inconsistent with typical lending pipeline operations.</p> <p>▫ Award funds should be targeted into highly distressed communities while also allowing CDFIs to be more flexible within a certain set of characteristics. For example, a CDFI could commit to serving census tracts rating "4" on the distress index in its Target Market, in general, but should not have to commit in advance to serving one or two particular census tracts. This would allow the CDFI to be responsive to target market demand in any census tract which met the particular distress rating.</p>	<p>The PDF application form used in the 2012 CDFI Program application made completing the charts more burdensome than it had been in the past, when the charts were in Excel format. The primary challenge is that the PDF application form is very difficult to share among the members of a team—at our organization, multiple people are involved in providing information to the application. It is impossible to extract individual pages from the file as a whole, or to create different working versions of the application for internal use. A secondary challenge is that, because the fillable PDF requires hard-keying all numerical information, it presents a significant number of opportunities for data entry error and requires intensive proofreading.</p> <p>▫ HPN recommends returning to the Excel attachment format for the chart portions of the application, because of the relative ease of sharing, copying and pasting, and editing data in Excel format.</p> <p>▫ If the charts must be submitted in fillable PDF format in future program years, HPN strongly recommends that the CDFI Fund also provide a working version of application charts in Excel format, with the requisite formulas embedded, for the use of applicants while completing their drafts of the application. HPN, along with most other applicants, used the FY 2011 application chart workbook in this fashion as a work-around in order to complete the charts for the FY 2012 application.</p>	HPN does not have any concerns about the current M	<p>One area of concern in the financial health and viability section of the application is the section related to profitability and change in net assets. The application's framework assesses profitability based on overall change in net assets, without regard to results by category of net assets. For an organization such as HPN that regularly receives large temporarily restricted grants that are deployed over several years, this standard means that the organization appears to be generating large surpluses (when large temporarily restricted commitments come in) and losses (when they get deployed).</p> <p>▫ We recommend that the application focus on change in unrestricted net assets in the assessment of profitability, which would offer reviewers a clearer picture of CDFIs' true financial strengths or weaknesses.</p>

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16	Opportunity Finance Network	<p>OFN has believed since the Fund's inception that its unique strength is the awarding of grants and investments through a competitive application process based on a CDFI's strategic business plan, the CDFI's own assessment of its market, and the organization's capacity to provide products and services in that market. The Fund has developed and taken on a mix of programs to meet the needs of CDFIs of all sectors, sizes, and stages of development. Adherence to this philosophy of competitive application is critical to the Fund's continued success, and "set asides" or other awards for CDFIs not based on this philosophy will be counterproductive.</p> <p>Each time the Fund has tried to target its awards with geographic priorities, its efforts have had the unintended consequences of disadvantaging CDFIs that serve markets that have significant distress but do not qualify under the Fund's parameters. Tweaks in the "formula" advantage some groups but disadvantage different ones.</p> <p>In particular, geographic targeting at any level disadvantages CDFIs with regional or national service areas. Such CDFIs simply cannot predict in advance the specific geographies in which they might have deals as far in advance—one or two years—as might be required between applying for and deploying a CDFI Fund award.</p> <p>Using this geographically targeted approach contradicts two of the principles OFN laid out. By prioritizing certain geographies, the Fund places other factors above performance. In addition, its focus on the end result of financing undermines the support of institutions rather than projects that has been a hallmark of its success.</p> <p>As part of its own strategic planning process, OFN has begun to look at what CDFI "coverage" means to communities across the nation. Coverage means that the supply of affordable, responsible financial products and services is adequate to meet the need for these products and services. We specifically talk about need rather than demand because communities may not always recognize their needs: for example, a community that is amply served by relatively high- priced payday lenders may not demand more affordable short-term consumer loan products; however, OFN would say that there is a need to provide affordable, responsible alternatives that do not strip wealth from the</p>	<p>Recent changes to the CDFI Fund application have severely curtailed CDFIs' ability to tell their own stories about their own markets. Many CDFIs are complex, multifaceted institutions that offer a variety of products and services and rely on many staff and volunteers to demonstrate their accountability, financial soundness, and strong policies and procedures. In general, CDFIs' inability to change dates and add lines to tables limited their ability to fully describe their products, strategies, and capacity. These restrictions on the application tables, in particular, forced CDFIs to use their limited narrative space explaining information that could have been included in a table.</p> <p>Some specific changes that caused problems for CDFIs in the FY2012 round include:</p> <p>Inability to cut and paste information from an Excel or other spreadsheet. Instead, applicants had to manually input information into the PDF application. In addition to the additional workload, this format restricted applicants' ability to test scenarios and variables, and limited the ability to share the work of the application across staff members of an organization.</p> <p>Table H, the financial products rate sheet, allowing for too few products in the case of a CDFI with a number of product offerings. The information entered in this table autopopulated into other tables, constraining CDFIs' ability to paint a full picture of its products and services.</p> <p>Providing for only a limited number of Board Members and key staff. CDFIs of all sizes rely on many staff members and volunteers to ensure that their products are effectively delivered. Restricting the lists of Board and staff members to only five in Tables K and L is inadequate.</p> <p>Inability to include an applicant's own charts and diagrams as part of the application. Some CDFIs can explain a concept more clearly with graphic than with text—and use less space to do so—but could not on the most recent version of the application. Particularly, items that include trends (such</p>	<p>Requiring matching funds of program awardees is critical to maximizing leverage of the Fund's resources. While the waiver of the matching funds requirement in recent funding rounds was an appropriate response to the severe economic downturn, in general, the Fund should require applicants to the CDFI Financial Assistance program to provide matching funds. This requirement helps increase private investment in CDFI markets and assures greater discipline and accountability in the program.</p> <p>The CDFI Fund should continue its recent practice of requiring applicants under the Small and Emerging CDFI (SECA) component to demonstrate only a portion of the match at the time of application with a firm deadline for securing the remainder. The Fund should also continue the recent practice of requiring that applicants under the Core component demonstrate a significant proportion of the match at the time of application. Such a requirement helps ensure that award recipients are sustainable institutions with sound capitalization strategies. Expectation of a high proportion at time of application signals that fundraising capacity is an important part of the Fund's application process. The Fund could incorporate the status of an applicant's match into its evaluation of the CDFI's financial and managerial capacity, recognizing the strength of applicants that have secured the full match.</p> <p>Though OFN supports a stringent match requirement, at the same time we recognize that the fundraising environment for CDFIs continues to be challenging and that some markets lack significant sources of private sector capital for CDFIs. To mitigate this challenge for CDFIs, the CDFI Fund should extend the eligible match period beyond the one year "lookback" it has historically employed.</p>	<p>The questions the application asks are appropriate. The Fund's approach to using the information is also appropriate. While the Fund has developed "Minimum Prudent Standards" (MPS) to help it gauge CDFIs' financial position, it has correctly used the MPS as a guide rather than an absolute standard of eligibility for an award. The Fund should continue this practice of ensuring CDFIs the opportunity to explain any anomalies in their financial ratios and ways that their unique business practices might contribute to them.</p>

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17	Rural Community Assistance	We agree in principle with the idea of prioritizing funding based on need. However, in the FY 2012 round, the Distressed Communities Index bonus points based on Census tracts presented problems for regional or national CDFIs, particularly those in the west. Western counties are very large, and for those of us serving rural counties, selecting a few Census tracts is impractical. Further requiring that we fund loans in all census tracts selected is not feasible. We recommend allowing partial points for targeting poverty communities.	We found the FY 12 application tillable PDF application form to be cumbersome and impractical to use compared to the previous version. The tables were particularly difficult compared to the Excel versions used previously. First of all, we did not know which tables applied to us until we completed the first section, which we usually do as a last step in the process. Second, we were unable to cut and paste into the tables and had to manually retype table information that we had prepared in Excel. Manual processes create opportunities for error and are time-consuming. Our suggestion is to return to the previous version of the forms with Excel.	We recommend that Matching Funds documentation be collected after an award is made. 30 days should be sufficient and reasonable time. We also recommend that applicants clearly be given the opportunity to substitute loan match for grant match in the event projected matching grants are not awarded or grant for loan match in the event unanticipated matching grants are awarded. In other words, let awardees take the most favorable grant and loan terms according to match in hand post award but prior to execution of the grant agreement.	We recommend that an organizations audited financial statements be used as to determine financial health and viability. In general, CDFI fund should follow GAAP definitions. If a CDFI is too small to have audited financials, GAAP definitions and principals could be the basis for comparison across all CDFI's consistently. We recommend that the CDFI Fund assemble a working group of CFOs from CDFIs to review and discuss this section of the application. A few examples: On the revenue side, CDFI Fund treats "temporarily restricted awards" as non-operating revenue, excluding it from "Earned Revenue". We conservatively treat grants as temporarily restricted and agree that CDFI Fund FA awards for lending capital should be considered non-operating revenue. However, we do receive awards from Banks and Foundations which pay for our technical assistance work. These awards ought to be treated as earned income rather than contributed income or non-operating income. CDFI Fund excludes certain expenses from operating expenses. For example, pass-through grants, and taxes, licenses and fees are excluded from operating expenses. From our vantage point, they should be included as these are part of our operating expenses. Our grantees perform work that we would otherwise have done. The related expense is operating expense.

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18	San Luis Obispo County Hous	<p>Targeting highly distressed communities is appropriate under two conditions: 1) that the CDFI funds actually benefit lower income households in those communities and 2) that CDFIs that use funds to benefit lower income households in other areas of the country are still able to receive funds. Based on our experience, both of these conditions are being met. Please continue allocating funds generally as you have in the past.</p> <p>To illustrate my second point, the poverty level is the same throughout the nation regardless of whether the local rents are \$500 per month or \$1,000 or even \$2,000. And, with a few exceptions, the minimum wage does not vary much from area to area, nor does the SSI benefit for seniors and the disabled. As a result, the need for CDFI Fund awards to help create and preserve affordable housing for lower income households is even greater in high housing cost areas than in highly distressed communities.</p>	<p>The quick answer is NO. The fillable PDF application form is beyond hope. Please scrap the PDF form and return to the Word and Excel templates that were previously used. The PDF form posed an unreasonable burden on applicants, takes longer to complete and has no redeeming characteristics to applicants.</p> <p>For example, regardless of the application's format, we prepare our financial projections in Excel. Last year, we could directly copy large sections of our financial projections into your Excel template. This year, we had to manually copy each cell of information onto to PDF form. This was both time consuming and prone to errors.</p> <p>The PDF form also has severe limitations compared to the previous Word template. For example, tables, lists and footnotes can be included in the Word template, but not the PDF form. Last year, we included a table that showed our pipeline and its characteristics far more clearly than we could this year on the PDF form. We also used a table that more clearly showed our current and projected loan earnings, cost of funds and spread. Photographs and graphs can also be included in the Word template, but not the PDF form.</p> <p>When considering our false start with the original PDF form, which limited many values to \$999,999, this year's application took us twice as long to complete as last year's. I ask you again to please scrap the PDF form.</p> <p>Whether or not you use the PDF form or return to the Word and Excel templates in the future, I suggest that you divide some of your broader questions into multiple questions with shorter responses. I think this is particularly important if you continue with the PDF form. If you continue to only allow applications for TA or FA, and not both TA and FA, you should also consider having separate applications for the two types of requests.</p>	<p>Requiring the Matching Funds documentation as part</p>	<p>The financial health and viability questions seem to be appropriate, however, projecting financials for five years is very speculative and may be of limited value. Given the size of the CDFI Fund awards it is important that awards go to organizations that are financially sound and capable of using them appropriately and within the allowed period. While the scoring might be different for SECA and TA applicants, than for Core applicants, all applicants should be asked to provide similar financial information.</p> <p>As a SECA, we found the process of compiling, analyzing and presenting the information on our financial health and viability to be very helpful. The MPSs gave us clear and relevant goals to strive for in our early years.</p>

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19	James Yagley	<p>This question of "targeting distress" is not simply a matter of application scoring. It goes to the heart of how the Fund distributes its scarce program resources (i.e. award dollars) across a national mission area.</p> <p>It is important to recall the CDFI Program application has always included questions regarding the levels of distress and/or need among the communities served by applicants. In past applications, these concepts were left undefined. Applicants were unclear about what dimensions of need would score well. Reviewers, without standard measures, would interpret the scoring guidance inconsistently.</p> <p>The value of the current indicators of distress is that it applies the same quantitative measure consistently across all applications. The distress indicator table uses Federal data sources that are commonly used within the community development field. The scores for specific geographies are made public, giving applicants an understanding of the competitiveness of their applications. Furthermore, the use of a quantitative measure relieves the burden on the reviewer to evaluate narratives describing community distress. It thus reduces the bias of applications scoring higher due to the quality of the writer, rather than the need in the community.</p> <p>If the Fund were to discontinue the use of the distress indicators (or for the first time implement a policy of not targeting distressed communities) it would lead to potentially- severe unintended consequences. States hit hardest by the economic crisis – such as Michigan or Florida – could be entirely shut out of receiving any capital awards during a funding round.</p> <p>Therefore, I offer three recommendations to enhance the Fund's ability to meet its mission.</p> <p>Recommendation 1: The Fund should double the current weighting of distress indicators within the application scoring. The robustness of the current approach supports such a step. This would further insure that scarce capital is provided to the most disadvantaged communities.</p> <p>Recommendation 2: The Fund should increase its communication to applicants regarding how applications are scored and the role of the distress indicators within them. While these factors are</p>			
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3	Program	1. Is targeting CDFI Program award funds into highly distressed communities an appropriate use of CDFI Program funds?	CDFI COMMENT
4	CDFI Coalition	We do not believe that the use of geographic units, such as counties or census tracts, is an appropriate means for targeting program funding. Since distress does not fit neatly into geographic locations, the Fund should require applicants to describe the types of distress being experienced by their target borrowers/investees. Such distress may be based on geographic location or other factors, and applicants should provide sufficient information to enable the Fund to ensure that program funding is going to CDFIs who best understand their markets, the distress among their borrowers/investees, and that they are offering financial products and technical assistance that are responsive.	Based on the comments received in this solicitation and other comments from the CDFI industry, the CDFI Fund eliminated the question in the FY 2013 application regarding highly distressed communities.
5	Community Development Bankers Association	All CDFIs work in distressed, underserved markets. Use of geographic units (e.g. census tracts, counties) only to prioritize applications is too narrow. The approach ignores the needs of target markets that are distressed and/or underserved due to income, race, ethnicity or other factors. The current application and evaluation process prioritizes CDFIs that are able to commit to target funds to pre-identified geographic units. We find this system impractical and counter to the market-orientation of the CDFI business model. By requiring applicants to pre-select the geographic area they will serve, it removes their ability to respond to real market demand. We encourage the CDFI Fund discontinue prioritization based on geographic unit distress criteria.	
6	Community Development Venture Capital Alliance	If geographic targeting is to be required, we suggest that the Fund ask for a commitment that a certain percentage of a fund's investments be made in geographic areas that meet certain criteria, without identifying specific counties or census tracts up front.	
7	Community Housing Capital	Targeting of resources to the most distressed areas can actually retard growth in some cases. The Fund may not be able to develop a nuanced and sophisticated enough process to account for the variations of need across different types of activities as part of the scoring process. Realistically there is a greater need for affordable housing in many of the rapidly growing suburbs than there is in distressed inner-city markets such as Cleveland, Baltimore, and St. Louis.	
8	Community Loan Fund	Our successes over the last three decades suggest that the answer is no. Poverty in New Hampshire is rarely concentrated in areas that would show up as "highly distressed communities" using typical definitions that focus primarily on urban areas or contiguous rural areas with persistent poverty. Neither the application, nor the scoring criteria, should unduly favor CDFIs serving areas of concentrated need versus areas where the need is scattered or less visible.	
9	CU Strategic Planning	Yes.	
10	Enterprise Community Loan Fund	The use of geographic units such as counties or census tracts is not an appropriate means for targeting program funding. These units would seemingly target more rural communities, which while important, ignore a high degree of need in urban areas.	

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11	Fund Consulting	The priority points system pigeonholes most applicants, compelling them to selectively target geographic areas in order to receive priority points – even when such a strategy is not a good fit for the organization. In addition, the current priority points system excludes applicants primarily serving Other Target Populations or Low-Income Target Populations.	
12	Hawaiian Community Assets	Yes. CDFIs are often located in, and have unique experience in serving, highly distress communities. With this level of expertise and established trust, CDFIs are able to create a bridge for low-income individuals and families to develop relationships with mainstream financial institutions.	
13	Housing Partnership Network	Targeting CDFI Program award funds into highly distressed communities is an appropriate use of CDFI Program funds. However, in practice, targeting funds for use in specific geographic areas can restrict the flexibility of the funds and can therefore reduce a CDFI's ability to respond to the needs in its Target Market (which may be defined by geography or by population). HPN does not recommend continuing the system used in the 2012 application, which awarded distress points to CDFIs who committed to deploy their funds in specific predetermined census tracts. Award funds should be targeted into highly distressed communities while also allowing CDFIs to be more flexible within a certain set of characteristics.	
14	James Yagley	This question of “targeting distress” is not simply a matter of application scoring. It goes to the heart of how the Fund distributes its scarce program resources (i.e. award dollars) across a national mission area. The value of the current indicators of distress is that it applies the same quantitative measure consistently across all applications. If the Fund were to discontinue the use of the distress indicators (or for the first time implement a policy of not targeting distressed communities) it would lead to potentially-severe unintended consequences.	
15	National Federation of Community Development Credit Unions	It is valid for the CDFI Fund to target highly distressed communities, but many of these communities cannot be identified by census-tract or county-level data. Pockets of poverty and extreme economic distress exist in every part of the country, and many CDFIs focus exclusively on serving communities of low-income people who cannot afford the financial products and services offered by local institutions that cater to their more affluent neighbors. The current FA and TA application provides detailed quantitative measures of distress for geographic areas, but does not allow a similar presentation of distress among geographically dispersed populations served by CDFIs.	

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1	CDFI Program - Public Comments for Paper Reduction Act Renewal - OMB # 1559-0021		
2	Public Comments - Summarized		
3	Program	1. Is targeting CDFI Program award funds into highly distressed communities an appropriate use of CDFI Program funds?	CDFI COMMENT
16	Opportunity Finance Network	The Fund has developed and taken on a mix of programs to meet the needs of CDFIs of all sectors, sizes, and stages of development. Adherence to this philosophy of competitive application is critical to the Fund's continued success, and "set asides" or other awards for CDFIs not based on this philosophy will be counterproductive. Each time the Fund has tried to target its awards with geographic priorities, its efforts have had the unintended consequences of disadvantaging CDFIs that serve markets that have significant distress but do not qualify under the Fund's parameters. In particular, geographic targeting at any level disadvantages CDFIs with regional or national service areas. Such CDFIs simply cannot predict in advance the specific geographies in which they might have deals as far in advance—one or two years—as might be required between applying for and deploying a CDFI Fund award.	
17	Rural Community Assistance Corporation	We agree in principle with the idea of prioritizing funding based on need. However, in the FY 2012 round, the Distressed Communities Index bonus points based on Census tracts presented problems for regional or national CDFIs, particularly those in the west. Western counties are very large, and for those of us serving rural counties, selecting a few Census tracts is impractical. Further requiring that we fund loans in all census tracts selected is not feasible.	
18	San Luis Obispo County Housing Trust Fund	Targeting highly distressed communities is appropriate under two conditions: 1) that the CDFI funds actually benefit lower income households in those communities and 2) that CDFIs that use funds to benefit lower income households in other areas of the country are still able to receive funds. Based on our experience, both of these conditions are being met. Please continue allocating funds generally as you have in the past.	
19	The Disability Fund	Targeting CDFI Program award funds into highly distressed communities is AN appropriate use of CDFI Program funds, but should not be the exclusive focus. While some of our work fits nicely into "highly distressed communities," we also serve people in other areas.	

	A	B	C
1	CDFI Program - Public Comments for Paper Reduction Act Renewal - OMB # 1559-0021		
2	Public Comments - Summarized		
3	Program	2. Are there ways that the fillable PDF application form can be improved that would ease applicant paperwork burden?	CDFI COMMENT
4	CDFI Coalition	The introduction of the fillable pdf presented challenges to applicants in terms of format, content, and process. Within the PDF files there were issues that made it harder, longer, and more subject to errors for applicants to provide information. The PDF limited the presentation of information in the narrative sections, as well. It was confusing to applicants to have charts covering similar topics in both the Grants.gov PDF and on the Fund's website. It would be better to allow applicants to decide what types of loans they provide and make their naming conventions for the charts consistent with their narrative.	In FY 2012, the CDFI Fund, in collaboration with Grants.gov, converted the Word application into a smart fillable PDF format. Applicants encountered various technical problems with the fillable PDF even though it was thoroughly tested before it was released to the public. In FY 2013, the CDFI Fund and Grants.gov are taking steps to address the technical problems. These comment, therefore, are being considered in FY 2013 and do not increase the data collection burden .
5	Community Development Bankers Association	The fillable PDF application proved challenging for applicants. Numerous technical issues made the application inefficient, frustrating, and subject to errors.	
6	Community Housing Capital	1) The data fields associated with the category "Affordable Housing" tend to focus too much on those CDFIs that do direct mortgage lending to individuals and doesn't adequately account for the large number of CDFIs that lend to developers to build or rehabilitate affordable units. 2) Greater focus by the Fund on the self-sufficiency of applicants' lending programs would have multiple benefits. 3) The Fund has pre-set the tables to include information only for the previous 3 years, without taking into account that some organizations have already completed their audit for the just completed fiscal year and would have the current year in the current column. 4)The application form should be improved to better recognize input from standard word processing programs without creating error messages.	
7	CU Strategic Planning	1) If you create your narratives in Word and copy and paste it over, certain fonts can create issues when uploading the document. 2) PDF is extremely slow to load/open. 3) Having charts within the PDF application and not as an Excel attachment caused numerous issues. 4) The column "Role in Implementing CBP" has a very limited character limit, averaging out at about 6 words.	

3	A Program	B 2. Are there ways that the fillable PDF application form can be improved that would ease applicant paperwork burden?	C CDFI COMMENT
8	Enterprise Community Loan Fund	Post more guidance for using the grants.gov interface, instructions on the PDF application technical limits and requirements and opening and utilizing the PDF posted on the grants.gov website. There were multiple issues surrounding the application, including: 1) Differences in the way the grants.gov PDF counted characters for the "validation" process and the way grants.gov ultimately calculated characters when it accepted the application. 2) Converting Word formatting into "text" format in order to cut and paste into the PDF document. 3) The inability to cut and paste from Excel files, which potentially creates errors when transferring the numbers and formulas from the Excel document to the charts in the PDF application. 4) The inability to expand rows, for example on the Board and Staff charts, both of which had a 5 person limit and a 50 character limit for the explanation around their importance to the organization.	
9	Fund Consulting	It duplicates the effort necessary to complete the application and greatly increases the chance for errors and confusion: 1) The application charts do not allow applicants to copy and paste information into the fillable PDF. 2) Table N (MPS Ratios) for banks does not allow for a negative number to be entered for the equity capital ratio in the 2010 column. 4) The current character limits for Tables K and L do not allow an applicant to accurately describe the important role these individuals serve in implementing the comprehensive business plan.	
10	Hawaiian Community Assets	We do not see the need for application improvement to ease the applicant paperwork burden at this time.	

3	A Program	B 2. Are there ways that the fillable PDF application form can be improved that would ease applicant paperwork burden?	C CDFI COMMENT
11	Housing Partnership Network	The PDF application form used in the 2012 CDFI Program application made completing the charts more burdensome than it had been in the past, when the charts were in Excel format. The primary challenge is that the PDF application form is very difficult to share among the members of a team –at our organization, multiple people are involved in providing information to the application. It is impossible to extract individual pages from the file as a whole, or to create different working versions of the application for internal use. A secondary challenge is that, because the fillable PDF requires hard-keying all numerical information, it presents a significant number of opportunities for data entry error and requires intensive proofreading.	
12	National Federation of Community Development Credit Unions	Three specific changes would greatly reduce the burden on applicants: 1) Spreadsheets should be modified to allow applicants to copy and paste multiple cells from Excel workbooks or import entire spreadsheets. 2) Narrative fields should allow formatting to include charts, tables and graphics. 3) Tables should be expandable so that the full number of Board and key staff members can be entered.	
13	Opportunity Finance Network	Recent changes to the CDFI Fund application have severely curtailed CDFIs' ability to tell their own stories about their own markets. Many CDFIs are complex, multifaceted institutions that offer a variety of products and services and rely on many staff and volunteers to demonstrate their accountability, financial soundness, and strong policies and procedures. In general, CDFIs' inability to change dates and add lines to tables limited their ability to fully describe their products, strategies, and capacity. The Fund's instructions to reviewers should make clear that applicant CDFIs are likely to have supplemented information on the tables in the narrative section of the application, and that reviewers should not consider tables in isolation but rather in conjunction with the corresponding narrative information.	
14	Rural Community Assistance Corporation	We found the FY 12 application tillable PDF application form to be cumbersome and impractical to use compared to the previous version. The tables were particularly difficult compared to the Excel versions used previously. Our suggestion is to return to the previous version of the forms with Excel.	

	A	B	C
3	Program	2. Are there ways that the fillable PDF application form can be improved that would ease applicant paperwork burden?	CDFI COMMENT
15	San Luis Obispo County Housing Trust Fund	The quick answer is NO. The fillable PDF application form is beyond hope. Please scrap the PDF form and return to the Word and Excel templates that were previously used. The PDF form posed an unreasonable burden on applicants, takes longer to complete and has no redeeming characteristics to applicants. The PDF form also has severe limitations compared to the previous Word template. Whether or not you use the PDF form or return to the Word and Excel templates in the future, I suggest that you divide some of your broader questions into multiple questions with shorter responses.	
16	The Disability Fund	There is only one difficult issue we experienced with the PDF of the application: it was difficult to “cut and paste” into the boxes and it appeared that when we did, the application would disappear and then reappear. Not understanding the technology behind the application, there seems to be room for improvement to make it more “user-friendly.”	

	A	B	C
1	CDFI Program - Public Comments for Paper Reduction Act Renewal - OMB # 1559-0021		
2	Public Comments - Summarized		
3	Program	3. Should detailed Matching Funds documentation be collected later in the application review process and, if so, what would be a reasonable amount of time to expect an applicant to provide such documentation?	CDFI COMMENT
4	CDFI Coalition	The requirement to assemble matching funds documentation could be done at a point in the process when the Fund knows which applications are highly scored and likely to receive funding. This would reduce the paperwork burden by eliminating the submissions for applicants that did not score highly enough. Accordingly, we recommend that applicants fill out the Matching Funds chart and submit it with the application, but not require submission until the award pool is clearly define.	The CDFI Fund is currently revising its FY 2014 application and will take these comments into consideration. The CDFI Fund may revise the process to permit submission of matching funds documentation later in the application review process. The CDFI Fund estimates unsuccessful applicants will save up to five hours per application if they are not required to submit matching funds documentation at the same time as their application is submitted.
5	Community Development Bankers Association	Allowing applicants to submit matching funds documentation at a later date would significantly reduce the paperwork burden at the time of application. We recommend that documentation only be requested after an applicant has received notice of an award or after they have been deemed competitive enough to receive an award. We urge the CDFI Fund to exercise greater flexibility in its interpretation of the requirement that matching funds be "comparable in form and value" to assistance requested.	
6	CU Strategic Planning	No. Requesting Matching Funds documentation at the time the CDFI application is being submitted is the way we prefer. This gives us an opportunity to ensure the credit union is applying for funds within their means and that all documents are present and organized at the time of the application with their documentation.	
7	Enterprise Community Loan Fund	The CDFI Fund could ask applicants to certify that matching funds are or will be in hand at the time of the award and the requirement to assemble matching funds documentation could be done at a point in the process when the Fund knows which applications are highly scored and are likely to receive funding. This would reduce the paperwork review burden by the Fund team as well as the paperwork burden for applicants by eliminating submissions that did not score highly enough to qualify for an award.	
8	Fund Consulting	Applicant paperwork burden could be reduced if applicants did not have to provide proof of matching funds documentation at the time the application is submitted. Currently, matching funds documentation is required of all applicants, regardless of	

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9	Hawaiian Community Assets	Yes. It is much easier to utilize Federal financial support to attract non-Federal match funds. By collecting Matching Funds documentation later in the application review process or even after "tentative" award, CDFI Fund would allow CDFI leadership greater opportunity to establish funding partnerships with local private and government capital.	
10	Housing Partnership Network	HPN does not have any concerns about the current Matching Funds documentation requirements.	
11	National Federation of Community Development Credit Unions	Having to document matching funds as part of the application process is time-consuming for both the applicant and the Fund, if the legal staff is involved as early as they have been in the past. It would make more sense to delay this till at least an initial cut has been made. The Federation is concerned about one specific requirement that applies only to credit unions that meet their match requirement with retained earnings since inception. Credit unions in this category must also demonstrate increases in loans and/or shares equivalent to 25% of the amount of their FA request within the last full fiscal year. For most credit unions, the total balances of loans and shares can fluctuate significantly from month to month and quarter to quarter, and there is no logical connection between a credit union's net worth, patiently accumulated since inception, and the end- of-year loan and share balances which will swing significantly with a due to cyclical and non- cyclical factors. The Federation asks that the CDFI Fund remove this needless requirement.	
12	Opportunity Finance Network	In general, the Fund should require applicants to provide matching funds. Though OFN supports a stringent match requirement, at the same time we recognize that the fundraising environment for CDFIs continues to be challenging and that some markets lack significant sources of private sector capital for CDFIs. To mitigate this challenge for CDFIs, the CDFI Fund should extend the eligible match period beyond the one year "lookback" it has historically employed.	

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13	Rural Community Assistance Corporation	We recommend that Matching Funds documentation be collected after an award is made. 30 days should be sufficient and reasonable time. We also recommend that applicants clearly be given the opportunity to substitute loan match for grant match in the event projected matching grants are not awarded or grant for loan match in the event unanticipated matching grants are awarded. In other words, let awardees take the most favorable grant and loan terms according to match in hand post award but prior to execution of the grant agreement.	
14	San Luis Obispo County Housing Trust Fund	Requiring the Matching Funds documentation as part of the application process seems to be totally appropriate. When Matching Funds are required for funding, they should be confirmed during the application process and before awards are made. If an applicant doesn't document that they have the required Matching Funds, their application shouldn't even be considered.	
15	The Disability Fund	The simple answer to this is "Yes."	

	A	B	C
1	CDFI Program - Public Comments for Paper Reduction Act Renewal - OMB # 1559-0021		
2	Public Comments - Summarized		
3	PROGRAM	4. Does the application ask the appropriate questions to determine applicants' financial health and viability?	CDFI COMMENT
4	CDFI Coalition	The Fund should ask for more discussion in the narrative responses, in particular to subquestions 13-17 in Question 6b. Subquestion 13 could be revised to ask that the applicant refer to entries on the M chart that support its narrative and direct the applicant to more fully explain why a particular ratio is indicative of financial health, and how the financial ratios relate to one another with respect to their financial health. Subquestions 16 and 17 could be revised to ask the applicant to describe their plans to raise additional lending capital and to describe their budget as well as how they plan to support their operating expenses over the 3 year period, again with specific references to the M chart.	The CDFI Fund will consider these comments in the FY 2014 application; however, these recommendations are not expected to increase paperwork burden.
5	Community Development Bankers Association	The application has insufficient writing space to fully respond to the questions asked. The application no longer requests information on the sustainability of an applicant nor gives consideration in the evaluation process to a CDFI's ability to operate viably without dependence on grant funding or the capacity to leverage higher levels of capital from external sources. We recommend these changes be incorporated into a revised application. Management is the most critical factor in the financial health, viability and success of a CDFI. Tables K and L in the application allow applicants insufficient space to discuss the qualifications of management, staff, board members or other advisors. We recommend that applicants be permitted to submit supplemental resumes or other biographical information. We further recommend that Table M3 be amended to better align with the definitions and categories of the standard Federal Call Report.	The CDFI Fund will consider these comments in the FY 2014 application; however, if applicants are allowed to submit supplemental information as requested, this is likely to increase the paperwork burden.
6	Community Loan Fund	We recommend that the CDFI Fund make greater use of the independent CDFI Assessment and Rating System – CARS – in determining the financial health and viability of applicants. Relying on CARS will provide the CDFI Fund with a reliable basis for comparing CDFIs and will over time encourage more CDFIs to use the system, thus accelerating the maturation of the industry and its transparency within the financial system.	Using CARS, a proprietary assessment and rating system, is a policy decision and does not impact the application's paperwork burden.
7	CU Strategic Planning	We suggest the Annual Net Loan Loss Ratio standard be changed to < 1.00%. Also, we suggest the LLL standard be deleted or replaced. Both the regulator and external auditors review the adequacy of the loan loss reserves on an annual basis. In some instances a credit union has historically very few loan losses and more than adequate reserves but they fail this standard because of a jump in losses and no need to increase the reserves.	These comments are related to Minimum Prudent Standard ratios the CDFI Fund uses to rate risk. These comments are related to policy decisions and do not impact paperwork burden.

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8	Enterprise Community Loan Fund	The Fund should rely less on the submission of audited financial statements and the M Chart/MPS calculations to assess financial health and viability, and more on narrative responses. This is of particular importance to subquestions 13-17 in Question 6b. Subquestion 13 could be revised to ask that the applicant refer to entries on the M chart that support its narrative. Subquestions 16 and 17 could be revised to ask the applicant to describe their plans to raise additional lending capital and to support their operating expenses over the 3 year period, and how those plans relate to the M Chart.	These comments are related to Minimum Prudent Standard ratios the CDFI Fund uses to rate risk. These comments are related to policy decisions and do not impact paperwork burden.
9	Fund Consulting	1) The financial data that the CDFI Fund currently requests from applicants is not comparable to the actual structure of most organizations' finances and financial statements. . 2) The financial data requested of regulated institutions is not consistent with the financial reviews completed by regulators. By requesting regulated entities to complete The CDFI Fund should request specific peer data to provide a consistent comparison and a benchmark for regulated entity performance ratios.3) Applicants should only be required to provide three years of financial projections instead of five.	These comments are related to policy decisions and do not impact paperwork burden.
10	Hawaiian Community Assets	Yes. The application asks appropriate questions to determine an applicant's financial health and viability. We encourage no changes on this aspect at this time.	These comments will be taken into consideration in the FY 2014 application revisions. They will not impact paperwork burden.
11	Housing Partnership Network	1) One area of concern in the financial health and viability section of the application is the section related to profitability and change in net assets. The application's framework assesses profitability based on overall change in net assets, without regard to results by category of net assets. 2) We recommend that the application focus on change in unrestricted net assets in the assessment of profitability, which would offer reviewers a clearer picture of CDFIs' true financial strengths or weaknesses.	These comments are related to policy decisions and do not impact paperwork burden.
12	National Federation of Community Development Credit Unions	The financial health and viability questions are far too detailed and repetitious, particularly for regulated CDFI credit unions and banks that are publicly examined for this purpose.	These comments are related to policy decisions and do not impact paperwork burden.
13	Opportunity Finance Network	While the Fund has developed "Minimum Prudent Standards" (MPS) to help it gauge CDFIs' financial position, it has correctly used the MPS as a guide rather than an absolute standard of eligibility for an award. The Fund should continue this practice of ensuring CDFIs the opportunity to explain any anomalies in their financial ratios and ways that their unique business practices might contribute to them.	Although these comments requested no changes, the CDFI may make changes to address other concerns regarding the application.
14	Robert Lyon	1) The PAR is defined as those loans past due 90 days or more, a standard of 10% for business loans is considered excessive, and encourages undue risk taking. 2) Why a 15% overall MPS is cited does not make sense, as each of the product grouping thresholds is less than such number. What this seemngly suggests is that it would be acceptable to have say business loans with a PAR or say 30%, if the other categories resulted in the weighted PAR being below 15%.	These comments are related to policy decisions and do not impact paperwork burden.

	A	B	C
15	Rural Community Assistance Corporation	1) We recommend that an organizations audited financial statements be used as to determine financial health and viability. In general, the CDFI Fund should follow GAAP definitions. If a CDFI is too small to have audited financials, GAAP definitions and principals could be the basis for comparison across all CDFI's consistently. We recommend that the CDFI Fund assemble a working group of CFOs from CDFIs to review and discuss this section of the application. 2) CDFI Fund excludes certain expenses from operating expenses. For example, pass-through grants, and taxes, licenses and fees are excluded from operating expenses. From our vantage point, they should be included as these are part of our operating expenses. Our grantees perform work that we would otherwise have done. The related expense is operating expense.	These comments are related to policy decisions and do not impact paperwork burden.
16	San Luis Obispo County Housing Trust Fund	Projecting financials for five years is very speculative and may be of limited value. Given the size of the CDFI Fund awards it is important that awards go to organizations that are financially sound and capable of using them appropriately and within the allowed period. While the scoring might be different for SECA and TA applicants, than for Core applicants, all applicants should be asked to provide similar financial information.	These comments are related to policy decisions and do not impact paperwork burden.
17	The Disability Fund	The application was very helpful in allowing us to explain the story of our financial viability. The charts were user-friendly and the narrative allowed ample opportunity to tell our story.	Although these comments requested no changes, the CDFI may make changes to address other concerns regarding the application.

1	CDFI Program - Public Comments for Paper Reduction Act Renewal - OMB # 1559-0021		
2	Public Comments - Summarized		
3	PROGRAM	OTHER COMMENTS	CDFI COMMENT
4	San Luis Obispo County Housing Trust Fund	Overall, we found your application process to be quite grueling. However, the process was also appropriate given both the amount of funds that you provide and the flexibility that you allow awardees.	Although these comments requested no changes, the CDFI may make changes to address other concerns regarding the application.
5	Community Development Bankers Association	Prohibit Depository Institution Holding Companies from applying for Assistance for a Subsidiary: This provision has effectively eliminated a CDFI bank's ability to leverage an FA award to originate 8 – 10 times its amount in loans to LMI communities. A bank holding company is specifically designed and regulated to support its subsidiary depository institution.	In FY 2013, the CDFI Fund is allowing Depository Institution Holding Companies to apply as co-applicants with their banks. This policy change does not increase the paperwork burden.
6	Fund Consulting	CDFI program restrictions on CDFI holding companies: As stated in the FY2012 NOFA, transfer of an award from a bank holding company to a subsidiary CDFI bank is not permitted. This restriction severely limits the potential impact of the award dollars as well as the strengthening of CDFI banks' core financial strength. Further, the restriction acts as a disincentive to CDFI banks and their holding companies to participate in the CDFI program. FUND Consulting respectfully requests that the CDFI Fund reexamine its position on holding companies in general, as they are a vital corporate structure to help mitigate risk for both depository institutions and loan funds alike.	
7	National Federation of Community Development Credit Unions	As you know, the Federation has long been concerned that CDFI program applications put CDCUs and other regulated CDFIs at a structural disadvantage when competing with non-regulated CDFIs, and particularly in relation to CDFI loan funds. Our perspective on this issue is unique; although we represent CDFI credit unions and provide technical assistance with CDCU applications, the CDFI Fund classifies Federation itself as a loan fund for the purposes of our own FA applications. This dual role has given us valuable insights into the structural issues that give loan funds an edge over credit unions in the competition for FA and TA grants. The Federation believes that most of the disparity could be addressed by a single change in the application process: scoring applicants in separate pools based on the type of CDFI and allocating the awards to the strongest applicants from each category. We believe this change would strengthen the CDFI industry as a whole and would welcome the opportunity to explore this further through collaborative discussions with the CDFI Fund and our partners in the CDFI Coalition.	The CDFI Fund will consider this policy change in FY 2014; however, the change will not affect the paperwork burden.

3	A PROGRAM	B OTHER COMMENTS	C CDFI COMMENT
8	<p>Opportunity Finance Network</p>	<p>To respond to a changing industry and environment, the CDFI Fund's programs, policies and initiatives should be informed by the following principles: 1) Invest in CDFIs of all types, sizes and sectors without prejudice. There is no "one-size-fits-all" approach to community development or providing financial services to distressed markets. 2) Recognize that equity capital is still the most important resource the Fund can provide to CDFIs. 3) Continue strong emphasis on performance-based awards. 4) Support institutions, not projects. 5) Promote the CDFI Fund model of supporting intermediary institutions to leverage private resources. 6) Build on the experience of established CDFIs in providing training and technical assistance. 7) Support research and development and knowledge-sharing for the CDFI industry. 8) The strength of the CDFI Fund as a federal program has been its unique model of investing in strong institutions through an entrepreneurial, merit-based selection process. The Fund should revise the application to ensure applicant CDFIs the opportunity to share their full strategies and effectively tell their stories. 9) Rather than setting quotas or developing separate applications for different kinds of institutions, the Fund should take steps to ensure that various types of CDFIs can compete effectively. 10) Tailoring applications so that, for example, depository institutions can demonstrate their transaction services; CDFIs can use primary-source data to explain their strategy; CDFIs with national marketplaces can describe that national market rather than focusing on only part of it; and intermediary CDFIs can adequately discuss their impact; 11) The Fund should take steps to lift the cap limiting an individual CDFI to \$5 million in assistance over three years. The Fund should make all its resources available to CDFIs of all sizes, types, and age; it should not set a point at which CDFIs "graduate" from any of its programs. It should reverse its recent decision to restrict an applicant to either an FA or a TA grant in a single application round.</p>	<p>The CDFI Fund will consider these policy recommendations for FY 2014; however, these policies will not directly affect the paperwork burden.</p>