

Community Development Financial Institutions Fund, Department of the Treasury

Supporting Statement
Small Dollar Loan Program
OMB Control Number 1559-0051

A. Justification

1. Circumstances necessitating the collection of information

The Community Development Financial Institutions Fund (CDFI Fund) requests Paperwork Reduction Act approval for the Small Dollar Loan Program Application in order to open the funding round in April 2022 and make disbursements expeditiously to enable selected Certified Community Development Financial Institutions (CDFIs) to establish and maintain small dollar loan programs.

In December 2019, the President signed the Consolidated Appropriations Act, 2020 (P.L. 116-93), which appropriated \$5 million of the CDFI Fund's total \$262 million appropriations. An additional \$8.5 million was appropriated for the Small Dollar Loan Program with enactment of the Consolidated Appropriations Act, 2021 (P.L. 116-260), which was signed into law December 2020 and provided the CDFI Fund with total appropriations of \$270 million. Funds from these two appropriations measures were used to launch and administer the inaugural round of the Small Dollar Loan Program by September 30, 2021.

The Small Dollar Loan Program was authorized by Title XII – Improving Access to Mainstream Financial Institutions Act of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (P.L. 111-203), which amended the Community Development Banking and Financial Institutions Act of 1994 to include the Small Dollar Loan Program (12 U.S.C. § 4719). Through the Small Dollar Loan Program, the CDFI Fund provides grants for loan loss reserves and technical assistance to enable award recipients to establish and maintain small dollar loan programs to address the issues of expanding consumer access to mainstream financial institutions and providing alternatives to high-cost small dollar loans. The Small Dollar Loan Program is also intended to enable award recipients to help unbanked and underbanked populations build credit, access affordable capital, and allow greater access into the mainstream financial system.

Through the SDL Program, the CDFI Fund will provide:

Grants for Loan Loss Reserves (LLR):

The awards will enable a Certified Community Development Financial Institution (CDFI) to establish a loan loss reserve fund in order to defray the costs of establishing or maintaining a small dollar loan program.

Grants for Technical Assistance (TA):

The awards will support technology, staff support, and other eligible activities to enable a Certified CDFI to establish and maintain a small dollar loan program.

SDL Program Award Recipients are selected through a competitive process involving a careful review of their Application for program funding. The Application requires the submission of numeric data and narrative responses for two parts: Part 1: Business Strategy and Community Impact and Part 2: Organization Capacity, including Financial Analysis and Compliance Risk Evaluation. The Award selection process is described in the Notice of Funds Availability (NOFA) for each funding round.

Ongoing compliance reporting related to this program is covered by other existing CDFI Fund control numbers.

2. Method of collection and use of data

The CDFI Fund will collect data once per funding round by means of an application. Applicants must complete and upload the application through a CDFI Fund-managed web-based application portal with the exception of Standard Form 424 (SF-424), which must be submitted through Grants.gov. The CDFI Fund uses the data collected to select eligible applicants that are the most highly qualified and to determine the applicable award amounts.

3. Use of Information Technology

The CDFI Fund only accepts electronic applications unless an applicant receives advance written permission from the CDFI Fund to submit in another format. All application materials must be submitted in the CDFI Fund-managed web-based application portal except for the SF-424, which must be submitted in Grants.gov.

4. Efforts to identify duplication

The CDFI Fund will ensure that the Small Dollar Loan Program application does not request information that is available from other known sources.

5. Impact on small entities

This collection of information will minimally affect small entities. However, the CDFI Fund will attempt to minimize burden on small entities to the greatest extent practicable.

6. Consequences of less frequent collection and obstacles to burden reduction

To meet the Congressional directive to provide funding to selected award recipients, the CDFI Fund must receive the information requested in the application form in order to make funding decisions.

7. Circumstances requiring special information collection

There are no special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines.

8. Solicitation of comments on information collection

Comments on this collection of information were solicited from the public for 60 days following publication of a notice in the Federal Register on October 4, 2021 (86 FR 54787). Seven comments were received, which are summarized and addressed in Appendix 1.

9. Provision of payment to respondents

No payments or gifts are provided to respondents.

10. Assurance of confidentiality

Information collected will be kept confidential to the extent appropriate and consistent with the Freedom of Information Act and other applicable laws.

11. Justification of sensitive questions.

No questions of a sensitive nature are asked in this information collection. No personally identifiable information (PII) is collected.

12. Estimate of the hour burden of information collection.

The burden estimate is based on approximately 100 private sector applicants completing the Small Dollar Loan Application in 68 hours for a total of 6,800 hours. Only private sector (for-profit and non-profit) applicants can apply for the Small Dollar Loan Program. Therefore, the monetized burden hours estimate is based on private sector hourly rate costs.

Affected Public	# Respondents	# Responses Per Respondent	Total Annual Responses	Hours per Response	Total Hours	Time Value (per hour)	Monetized Burden Hours
Small Dollar Loan Program Application	100	1	100	68	6,800	\$62.45 ¹	\$424,660.00

¹ The hourly rate is based on the national estimate for the median hourly wage for Financial Managers according to the Bureau of Labor Statistics (<https://www.bls.gov/oes/current/oes113031.htm>)

13. Estimate of total annual cost burden to respondents

Per the table in Question 12, the average annual cost burden to respondents is \$424,660. No purchase of equipment or services will need to be made by respondents for this information collection other than as required as a part of customary and usual business practices.

14. Estimate of annualized cost to the Government

The cost to the Government is the CDFI Fund staff and contractor time required to develop the application, review submitted applications, collect follow-up information from applicants, and report the results. It is not possible to accurately track expenses for the review process associated with this application. CDFI Fund staff at varying grades support application reviews at different levels throughout the application review period.

15. Any program changes or adjustments

This OMB Control Number is being reinstated in preparation for an additional round of funding for the Small Dollar Loan Program. Burden estimates have been increased from those that were approved previously to reflect the expected interest in the program given experience from the prior round of funding.

16. Plans for information tabulation and publication

Confidential or proprietary information collected through this information collection will not be published.

17. Reasons for not displaying expiration date of OMB approval

The CDFI Fund will display the expiration date of the OMB approval on the application form.

18. Explanation of exceptions to certification statement

There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods

This collection does not employ statistical methods.

Appendix 1: The Small Dollar Loan Program Application Respondents and Comment Summary

Table 1: Small Dollar Loan Program Application Respondents

No	Organization Name	Organization Representative	Date Submitted
1	People Trust Community Loan Fund	Arlo D. Washington	November 12, 2021
2	Community Development Bankers Association	Jeannine Jacokes	December 3, 2021
3	American Bankers Association	Jonathan Thessin	December 3, 2021
4	Community Loan Center of America	Howard Porter	December 3, 2021
5	National Asian American Coalition	Faith Bautista	December 3, 2021
6	National Community Reinvestment Coalition	Natasha Sim	December 3, 2021
7	Center for Responsible Lending	Rebecca Borne	December 3, 2021

Table 2: The Small Dollar Loan Program Comment Summary

Organization	Topic	Comment	SDL Program Response
People Trust Community Loan Fund	What, if any, Application questions and tables are redundant or unnecessary?	None	The CDFI Fund has taken this comment into consideration as confirmation that, generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application in response to this comment.
People Trust Community Loan Fund	What, if any, questions or tables should be added to ensure collection of relevant information?	How is the organization ensuring that lending decisions are made through an equity lens?	The suggested question is not integral to the statutory and regulatory design of the SDL Program Application and not supported by other commenters, so it was not added to the Application.
People Trust Community Loan Fund	Does the data and information requested in the Application allow an Applicant to adequately explain its business strategy, community impact and ability to meet the program objectives?	Yes	The CDFI Fund has taken this comment into consideration as confirmation that, generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application in response to this comment.
People Trust Community Loan Fund	In the FY 2021 SDL Program Application, the CDFI Fund stated that LLR Awards may be made in amounts up to 20% of the Applicant’s three-year projected total of Small Dollar Loans closed, not to exceed \$350,000. Is the	Too low in respect to the long standing and pent-up demand for access to capital for low- and moderate-income communities who have been excluded from the financial system for generations. The SDLP is critical to these communities’ efforts to gain and regain their	This comment is not related to the PRA Renewal of the SDL Program Application. This comment is in response to the broader request for input on future program design. The CDFI Fund will take this comment into consideration at the appropriate time.

	20% cap too high or too low? If so, please describe and justify.	economic mobility and provides a safe option other than predatory channels like pawn shops, payday loans, or buy here pay here operations.	
People Trust Community Loan Fund	The FY 2021 SDL Program Application states that the Awards will not be made to organizations that engage in the Prohibited Practices listed in the NOFA. Are the Prohibited Practices reasonable?	Yes	The CDFI Fund has taken this comment into consideration as confirmation that the Prohibited Practices listed in the NOFA are reasonable.
People Trust Community Loan Fund	Are the prioritized lending practices and characteristics reasonable?	Yes	The CDFI Fund has taken this comment into consideration as confirmation that the listed prioritized lending practices and characteristics are reasonable, so no changes were made in the Application in response to this comment.
	Should any of the listed prioritized lending practices and characteristics be modified or removed?	No	The CDFI Fund has taken this comment into consideration as confirmation that the listed prioritized lending practices and characteristics are reasonable, so no changes were made in the Application in response to this comment.
	Are there prioritized lending practices and characteristics that should be added to the list?	No	The CDFI Fund has taken this comment into consideration as confirmation that the listed prioritized lending practices and characteristics are reasonable, so no changes were made in the Application in response to this comment.
People Trust Community Loan Fund	Are any of the questions particularly burdensome or difficult to answer? If so, please be specific as to the type of CDFI (e.g.,	No	The CDFI Fund has taken this comment into consideration as confirmation that generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application in response to this comment.

	regulated, non-profit) that finds it difficult.		
People Trust Community Loan Fund	Are the character limitations for narrative responses appropriate?	Yes	The CDFI Fund has taken this comment into consideration as confirmation that generally, information collected in the SDL Program Application is appropriate. However, the CDFI Fund increased the character limits based on feedback received from other Respondents.
People Trust Community Loan Fund	Are there questions that lack clarity as to intent or purpose?	No	The CDFI Fund has taken this comment into consideration as confirmation that generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application in response to this comment.
People Trust Community Loan Fund	How should the CDFI Fund assess the impact of SDL Program Awards on Low-Income Families and communities?	Loan volume in low-income communities and number of families served.	This comment is not related to the PRA Renewal of the SDL Program Application. This comment is in response to the broader request for input on future program design. The CDFI Fund will take this comment into consideration at the appropriate time.
	Are the current impact choices sufficiently comprehensive?	Yes	The CDFI Fund has taken this comment into consideration as confirmation that generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application in response to this comment.
	Are there impacts that should be added or modified?	No	The CDFI Fund has taken this comment into consideration as confirmation that generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application in response to this comment.
People Trust Community Loan Fund	Are additional questions or revisions to existing questions needed in the Application to further clarify and differentiate the	No	The CDFI Fund has taken this comment into consideration as confirmation that generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application in response to this comment.

	three eligible Applicant types? If so, please describe and justify.		
	Should the CDFI Fund make revisions to the attestation form that the federally insured depository institution (FIDI) must sign? If yes, what are the revisions? Should the CDFI Fund request any other documentation that the FIDI must submit in order to demonstrate its primary mission to serve targeted Investment Areas? If so, please describe and justify.	No	The CDFI Fund has taken this comment into consideration as confirmation that generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application in response to this comment.
Community Development Bankers Association	What, if any, Application questions and tables are redundant or unnecessary?	Some participants recommended a more streamlined application given the modest size of SDLP awards. A streamlined application will encourage greater industry participation – particularly among small institutions. In the case of CDFI banks, grant funds received are taxed as regular income; thus, the amount of funds actually available to operate an SDLP initiative is less than the amount of the award. To streamline, we suggest that bank financial tables	<p>This comment suggesting that bank financial tables already submitted via AMIS for other CDFI Fund programs and/or reporting and compliance purposes be reused for the SDL Program is a suggestion that requires coordination between multiple business units within the CDFI Fund to assess the issue and make a determination as to whether or not it is feasible to implement a new financial data collection procedure. If the decision is made to implement a new financial data collection procedure, the CDFI Fund will require time to develop a plan in order to implement the new collection mechanism. As such, no changes were made in the Application at this time.</p> <p>With respect to streamlining the Track Record table, the CDFI Fund has taken this comment into consideration and has reduced the number data points collected in the Track Record table. Further, the CDFI Fund has reduced the number of years of history collected in the Track Record table</p>

		<p>already submitted via AMIS for other CDFI Fund programs and/or reporting and compliance purposes be reused for SDLP. This action would reduce duplication.</p> <p>Another opportunity for streamlining is in the “Track Record” tables (Question 10: Table 1b and Question 11: 2b) for existing SDL products. CDFI banks commented that the details required to answer these questions are not clearly tied to the design of the proposed program or the projections for its performance. As the level of detail required to answer these is considerable, the CDFI Fund should consider whether these questions are additive. In future years, this could be an opportunity to streamline the application when the program is developed and more mature.</p>	<p>from five years to three years.</p>
Community Development Bankers Association	What, if any, questions or tables should be added to ensure collection of relevant information?	Bankers believe the number of tables is adequate to demonstrate relevant information and should not be expanded.	The CDFI Fund has taken this comment into consideration as confirmation that, generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application in response to this comment.
Community Development	Does the data and information requested in	Generally, CDFI bankers felt the information requested was	The CDFI Fund has taken this comment into consideration as confirmation that, generally, information collected in the SDL Program Application is

Bankers Association	the Application allow an Applicant to adequately explain its business strategy, community impact and ability to meet the program objectives?	sufficient to allow an applicant to explain its strategy. One participant noted that if an applicant did not have an existing SDLP initiative, then the projections may be difficult. Here, we believe it is appropriate to reiterate a recommendation from our September 2020 letter, that the CDFI Fund provide resources to encourage banks without existing programs to consult with those that do, in order to better understand how to set reasonable objectives.	appropriate, so no changes were made in the Application in response to this comment.
Community Development Bankers Association	In the FY 2021 SDL Program Application, the CDFI Fund stated that LLR Awards may be made in amounts up to 20% of the Applicant's three-year projected total of Small Dollar Loans closed, not to exceed \$350,000. Is the 20% cap too high or too low? If so, please describe and justify.	CDFI bank participants felt the 20% and \$350,000 cap for LLR is currently appropriate. However, for established SDL programs to grow and scale for wider distribution, the CDFI Fund may eventually find the dollar cap may be too low. CDBA urges the CDFI Fund to review this cap periodically to account for successful implementation at growing institutions.	This comment is not related to the PRA Renewal of the SDL Program Application. This comment is in response to the broader request for input on future program design. The CDFI Fund will take this comment into consideration at the appropriate time.
Community Development Bankers Association	The FY 2021 SDL Program Application states that the Awards will not be made to organizations that engage in the Prohibited	CDBA members found the prohibited practices to be reasonable and appropriate.	The CDFI Fund has taken this comment into consideration as confirmation that the Prohibited Practices are reasonable, so no changes were made in the Application in response to this comment.

	Practices listed in the NOFA. Are the Prohibited Practices reasonable?		
Community Development Bankers Association	Are the prioritized lending practices and characteristics reasonable?	CDBA members found the list of program attributes that will receive prioritized consideration to be broadly appropriate. One banker found the list helpful, because reviewing the practices helped their institution overhaul existing programs.	The CDFI Fund has taken this comment into consideration as confirmation that the listed prioritized lending practices and characteristics are reasonable, so no changes were made in the Application in response to this comment.
	Are there prioritized lending practices and characteristics that should be added to the list?	As useful as these priorities are, we urge the CDFI Fund to continue to view these priorities individually, and not to allow them to mutate into requirements. It is important to allow programs to be responsive to both community need and institutional capacity. While each listed priority can be a valuable element of a SDLP, each adds an incremental cost to managing a program and should be considered on its individual merits.	The CDFI Fund has taken this comment into consideration as confirmation that the listed prioritized lending practices and characteristics are reasonable, so no changes were made in the Application in response to this comment.
Community Development Bankers Association	Are any of the questions particularly burdensome or difficult to answer? If so, please be specific as to the type of CDFI (e.g., regulated, non-profit) that	Some bankers report that Question 10: Table 1b and Question 11: 2b are particularly time consuming. Bankers cited the burden researching the track record for similar products,	The CDFI Fund has taken this comment into consideration and has reduced the number of data points collected in the Track Record and Projections tables. Further, the CDFI Fund has reduced the number of years of history collected in the Track Record table from five years to three years.

	finds it difficult.	which required terms, historical financials and related products in their local markets. As we state in our answer to Question 1, this could be an opportunity to streamline the application in future years when the program is developed and more mature.	
Community Development Bankers Association	Are the character limitations for narrative responses appropriate?	CDBA members found the character limits to be appropriate. No questions were flagged for requiring more or fewer characters	The CDFI Fund has taken this comment into consideration as confirmation that, generally, information collected in the SDL Program Application is appropriate. However, the CDFI Fund has increased character limits based on feedback received from other Respondents.
Community Development Bankers Association	Are there questions that lack clarity as to intent or purpose?	CDBA members found questions to be understandable.	The CDFI Fund has taken this comment into consideration as confirmation that, generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application in response to this comment.
Community Development Bankers Association	How should the CDFI Fund assess the impact of SDL Program Awards on Low-Income Families and communities?	CDBA members found the questions regarding an Applicant's program impact to be generally appropriate. In CDBA's September 10, 2020 comment letter, in response to Section VII., Question 1, CDBA recommended the CDFI Fund consider a list of eight outcomes for measuring success. We are grateful to the CDFI Fund for incorporating these recommendations into the	The CDFI Fund has taken this comment into consideration as confirmation that, generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application in response to this comment.

		eventual list of impacts.	
Community Development Bankers Association	Are additional questions or revisions to existing questions needed in the Application to further clarify and differentiate the three eligible Applicant types? If so, please describe and justify.	No additional questions or revisions to these questions are needed here.	The CDFI Fund has taken this comment into consideration as confirmation that, generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application in response to this comment.
	Should the CDFI Fund make revisions to the attestation form that the federally insured depository institution (FIDI) must sign? If yes, what are the revisions? Should the CDFI Fund request any other documentation that the FIDI must submit in order to demonstrate its primary mission to serve targeted Investment Areas? If so, please describe and justify.	No additional questions or revisions to these questions are needed here.	The CDFI Fund has taken this comment into consideration as confirmation that, generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application in response to this comment.
American Bankers Association	What, if any, Application questions and tables are redundant or unnecessary?	We recommend the CDFI Fund streamline the Application by asking only for the number and dollar amount of small dollar loans that the applicant made,	The CDFI Fund has taken this comment into consideration and has reduced the number data points collected in the Track Record and Projections tables. Further, the CDFI Fund has reduced the number of years of history collected in the Track Record table from five years to three years.

		and for the number and dollar amount of loans that the applicant had to write off, for the preceding two years.	
American Bankers Association	General Comment	The Application asks the applicant to project its loan figures for the next three calendar or fiscal years (2022, 2023, and 2024). We ask the CDFI Fund to allow successful applicants to update their projected loan figures. After the bank receives an award, it may have a better understanding of the number of small dollar loans it will make. The CDFI Fund should not hold the bank to its initial projection.	The SDL Program Assistance Agreement allows a SDL Program Award Recipient to modify the terms of its Award, subject to approval by the CDFI Fund.
American Bankers Association	General Comment	A second barrier inhibiting banks from applying for an award under the SDL Program is the Program's requirement that the applicant report small dollar loans to at least one of the consumer reporting agencies. This requirement adds significant costs and compliance burdens to a small dollar loan program, and it may not have the intended benefit for consumers. One ABA member reported that it does not report its small dollar loans to a consumer reporting	This comment is recommending a change to a statutory requirement that only Congress can change, so no changes were made in the Application.

		<p>agency because doing so would harm those customers who do not repay the loan.</p> <p>Consequently, the bank could not apply for funding under the Program. We recognize that the requirement to report small dollar loans to a consumer reporting agency is statutory. We suggest the CDFI Fund ask Congress to remove this requirement, to allow banks that do not report small dollar loans to participate in the SDL Program.</p>	
American Bankers Association	General Comment	<p>We recommend that the CDFI Fund ask each bank that receives an award to track the following performance metrics for the recipient’s small dollar loan program, and that the CDFI Fund publish this information in the aggregate:</p> <ul style="list-style-type: none"> • Number of small dollar loans made; • Median dollar amount of small dollar loans made; and • Default rate. 	<p>This comment is not related to the PRA Renewal of the SDL Program Application. This comment is in response to the broader request for input on future program design. The CDFI Fund will take this comment into consideration at the appropriate time.</p>
Community Loan Center of America	The FY 2021 SDL Program Application states that the Awards will not be	Currently, the SDL program prohibited practices require at least 80% of loan repayment	The CDFI Fund agrees with the other commenters who consider the current 80% repayment prohibit practice requirement to be appropriate. This requirement has not been updated in the SDL Program Application.

	made to organizations that engage in the Prohibited Practices listed in the NOFA. Are the Prohibited Practices reasonable?	before a borrower may refinance their loan. We consider this 80% repayment prohibited practices requirement excessive and find that it is causing a hardship to some borrowers and should be reduced to 50% repayment which in our opinion, is a more reasonable refinancing prerequisite.	
Community Loan Center of America	Are the prioritized lending practices and characteristics reasonable?	Yes	The CDFI Fund has taken this comment into consideration as confirmation that the listed prioritized lending practices and characteristics are reasonable, so no changes were made in the Application in response to this comment.
	Should any of the listed prioritized lending practices and characteristics be modified or removed?	The SDL program priorities should be modified so that SDL grant applicants are not penalized if they ensure loan payment affordability by using income-based affordability testing rather than attempting to also underwrite the borrower's expenses.	The CDFI Fund agrees with the other commenters who consider the current prioritized lending practices and characteristics to be appropriate. This requirement has not been updated in SDL Program Application.
Community Loan Center of America	How should the CDFI Fund assess the impact of SDL Program Awards on Low-Income Families and communities?	In order to measure the CDFI SDL program impact on low income families and communities, the CDFI Fund should modify its impact assessment to specifically encourage using the borrower's	This suggestion requires coordination between multiple business units within the CDFI Fund to assess the issue and make a determination whether or not it is feasible to collect Financial Health Survey scores of borrowers as an indicator of the impact of a SDL Program Award. If the decision is made to collect such data, the CDFI Fund will require time to develop a plan in order to implement the new collection mechanism. As such, the CDFI Fund will take this comment into consideration in the

		<p>Financial Health Survey score. This survey score on a scale of 0-100 can then be compared to national financial health benchmarks or to the borrower's previous Financial Health Survey score to better determine customer outcomes. The Financial Health Survey provides a customer and the lender with a snapshot of the borrower's financial health with a simple-to-use questionnaire with 8 questions on the borrower's debt, income, savings and planning and then assigning a score on an intuitive 100-point scale. This Financial Health Survey score can then be used to provide the CDFI Fund with a better way to assess the impact of SDL Program Awards on low-income families and communities.</p>	<p>future, at the appropriate time to make broader Program updates.</p>
<p>National Asian American Coalition</p>	<p>General Comment</p>	<p>For the award funding, CDFIs must be given a loss loan reserve of 20% and capacity building of 20% along with marketing dollars. Small dollar loans are much needed than ever. In such a scenario, marketing to</p>	<p>This comment is not related to the PRA Renewal of the SDL Program Application. The CDFI Fund will take this comment into consideration for future SDL Program updates, at the appropriate time.</p>

		different business owners is a must. The marketing also must be targeted as per ethnic businesses. Additional resources are needed to educate such businesses on programs available and assisting in choosing a program that fits the businesses' unique needs.	
National Asian American Coalition	General Comment	It is also essential that the application considers the current landscape for borrowers that the CDFI intends to serve. Since the pandemic, there have been an increase in borrowers who are recovering from the effects of the pandemic, which should be reflected in the Application process and the Award. We emphasize that the future applications must adapt to the current economic situations in terms of funding to be awarded. To achieve this, we suggest providing flexibility to the CDFI to create unique programs on lending, and at the same time, be eligible to apply for the award. Such applications should be evaluated on the existing criteria, as well as on innovation. Priority or credit should be given to the CDFIs that are going an extra mile and coming out with creative solutions to help the underserved communities for its borrowing needs. The service areas that the CDFI operates in should also not be the <i>only</i>	This comment is related to the design of the SDL Program and is not related to the PRA Renewal of the SDL Program Application. The CDFI Fund will take this comment into consideration for future SDL Program updates, independent of the PRA Renewal.

		<p>deciding factor for the application. Many times, the CDFI serves individuals, that do not belong to the traditional LMI areas, but are still in need of a small dollar loan.</p> <p>Therefore, we emphasize that the application provides opportunity and credit to the CDFIs to experiment and create solutions to the current and real issues affecting the LMI communities.</p>	
National Community Reinvestment Coalition	What, if any, Application questions and tables are redundant or unnecessary?	NCRC CDF agrees with the current tables and questions.	The CDFI Fund has taken this comment into consideration as confirmation that generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application in response to this comment.
National Community Reinvestment Coalition	What, if any, questions or tables should be added to ensure collection of relevant information?	In the “Organization Capacity” section of the application, questions should be added about the cultural competency of the organization, including questions regarding the leadership structure of the organization as well as language abilities.	The suggested question is not integral to the statutory and regulatory design of the SDL Program Application and not supported by other commenters, so it was not added to the Application.
National Community Reinvestment Coalition	Does the data and information requested in the Application allow an Applicant to adequately explain its business strategy, community impact and ability to meet the program objectives?	NCRC CDF requests increased character limits for questions regarding challenges based the communities we serve, as well as questions regarding the entity’s strategy for their loan loss reserves and technical assistance programs. We also	<p>The CDFI Fund has taken the comment related to character limits into consideration and will increase the character limits for the questions referenced in the comments.</p> <p>The comment related to adding questions in the Application to assess cultural competencies is not integral to the statutory and regulatory design of the SDL Program Application and not supported by other commenters,</p>

		request that questions regarding an organization’s cultural competency be added to the “Organization Capacity” section.	so it was not added to the Application.
National Community Reinvestment Coalition	In the FY 2021 SDL Program Application, the CDFI Fund stated that LLR Awards may be made in amounts up to 20% of the Applicant’s three-year projected total of Small Dollar Loans closed, not to exceed \$350,000. Is the 20% cap too high or too low? If so, please describe and justify.	NCRC CDF agrees with the cap of 20% for applicants three-year projected totals of Small Dollar Loans closed.	The CDFI Fund has taken this comment into consideration as confirmation that generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application in response to this comment.
National Community Reinvestment Coalition	The FY 2021 SDL Program Application states that the Awards will not be made to organizations that engage in the Prohibited Practices listed in the NOFA. Are the Prohibited Practices reasonable?	We urge the CDFI Fund to prohibit late fees and overdraft fees that do not require the borrower to opt-in. We also require the CDFI Fund to encourage lenders to implement technical assistance and credit counseling programs where borrowers are at risk of incurring a late fee or overdraft fee. Currently, the CDFI Fund allows for one late fee per late payment and one overdraft fee per month. The accrual of late fees and overdraft fees can significantly impair a borrower’s access to credit and reduce their ability to	The CDFI Fund has taken into consideration the comment related to adding an additional provision in the Application that encourages lenders to offer financial education and credit counseling programs to serve as substitutes when overdraft and late fees would otherwise be applicable. The CDFI Fund will update the Application to include such a provision. Due to mixed feedback from the commenters, the CDFI Fund will take the comments related to prohibiting overdraft and late fees into consideration for future SDL Program updates.

		<p>meet day-to-day expenses when funds are already limited. They can also create a cycle of debt. In contrast to charging these fees, NCRC CDFI recommends that CDFI Fund encourages lenders to connect their borrowers with technical assistance and credit counselling programs where repayment is challenging. According to PEW Research Trust, overdrafts affect the budgets of low-income households significantly more than those with higher incomes. Heavy overdrafters in 2015 paid approximately a full week's worth of annual household income in overdraft fees, and the majority of people who spent a week of pay on overdrafts made less than \$25,000 annually. The CDFI Fund already encourages lenders to offer financial education programs including credit counseling, so it would be a minimal burden on the CDFI Fund to provide an additional provision that where these fees would otherwise be applicable, the fees should be replaced by or in addition to a financial education program.</p> <p>We support the prohibition of</p>	
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		<p>interest rates which exceed the lower of an all-inclusive 36% APR or the interest rate limit set by state agencies, based on the 36% rate-cap for small dollar loans under the Military Lending Act. We further support the prohibition of coerced automated repayments prohibiting delayed loan disbursements for borrowers who do not agree to automatic loan repayments, lenders who charge fees for borrowers providing manual payments and lenders requiring borrowers to make payments using wire transfers or other means that may result in additional fees for borrowers. We agree with the prohibition on abusive refinancing practices by prohibiting refinancing before at least 80% of the loan is repaid. We also support the prohibition on add-on insurance and credit card products. We support the limit on loans that are secured, except for loans secured by a savings account for loans with a savings component or credit builder loans. Lastly, we support the prohibition against aggressive debt collection practices and forced arbitrations and class actions.</p>	
National Community	Are the prioritized lending practices and	NCRC CDF requests that the CDFI Fund include cultural	This comment is related to the design of the SDL Program and is not related to the PRA Renewal of the SDL Program Application, so no

<p>Reinvestment Coalition</p>	<p>characteristics reasonable?</p> <p>Should any of the listed prioritized lending practices and characteristics be modified or removed?</p> <p>Are there prioritized lending practices and characteristics that should be added to the list?</p>	<p>competency as a prioritized consideration demonstrated through organizational diversity, leadership structure, and language capabilities among other considerations. NCRC CDF also requests that the CDFI Fund specifically suggests in provision “(vi)” that financial education programs be used as substitutes for late fees and overdraft fees as the accumulation of these fees traps applicants into predatory payment cycles.</p>	<p>changes were made in the Application. The CDFI Fund will take this comment into consideration for future SDL Program updates, independent of the PRA Renewal.</p>
<p>National Community Reinvestment Coalition</p>	<p>Are any of the questions particularly burdensome or difficult to answer? If so, please be specific as to the type of CDFI (e.g., regulated, non-profit) that finds it difficult.</p>	<p>Requests for financial information from all forms of CDFIs are challenging due to the absence of a user-friendly approach to uploading and downloading information.</p>	<p>The SDL Program will continue to examine ways to work with our IT team to ease the user experience. The ability to make these changes will depend on budget, time and system limitations.</p>
<p>National Community Reinvestment Coalition</p>	<p>Are the character limitations for narrative responses appropriate? Should certain questions allow additional or fewer characters? If so, please specify.</p>	<p>NCRC CDF requests that the character limit be raised on Q.7(b) discussing the challenges and small dollar financing gaps facing the unbanked and underbanked families and distressed communities that our entity currently serves or intends to serve. NCRC CDF requests that the character limit be raised on Q.8a(b) discussing how the</p>	<p>The CDFI Fund has taken this comment into consideration and will increase the character limits for the questions referenced in your comments.</p>

		<p>loan reserves award will be used as part of a strategy to launch, expand, and administer a small dollar loan program to address the challenges and small dollar financing gaps detailed in Q.7. NCRC CDF requests that the character limit be raised on Q.8b(b) discussing how the loan reserves award will be used as part of a strategy to launch, expand, and administer a small dollar loan program to address the challenges and small dollar financing gaps detailed in Q.7.</p> <p>Given that NCRC CDF is a national organization and serves a range of minority communities, it is challenging to encapsulate the specific needs of these communities in the 4000-character limit currently set by CDFI Fund. We request that the character limit be increased to 5000 characters for the above questions thus ensuring that organizations such as ours have sufficient room for explanation, but there is still a limit on characters preventing excessive burden on the CDFI Fund during the review process.</p>	
National	Are there questions that	NCRC CDF does not request	The CDFI Fund has taken this comment into consideration as confirmation

Community Reinvestment Coalition	lack clarity as to intent or purpose? If so, which questions, and what needs to be clarified in order for Applicants to provide a comprehensive response?	any questions or clarifications.	that generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application in response to this comment.
National Community Reinvestment Coalition	<p>The Application includes questions about the intended impact of an Applicant’s small dollar lending strategy.</p> <p>(a)How should the CDFI Fund assess the impact of SDL Program Awards on Low-Income Families and communities?</p> <p>(b) The CDFI Fund has identified a set of impacts for Applicants to choose in the Application (see FY 2021 SDL Program Application Question 7.)</p> <p>(c). Are the current impact choices sufficiently comprehensive? Are there impacts that should be added or modified?</p>	<p>The CDFI Fund should assess the impact on Low-Income Families and communities through program reporting and direct engagement with community groups who directly work with entities impacted by CDFI Fund Small Dollar Loan programs. Evaluation should specifically focus on ensuring there is impact on areas most in need including investment areas, persistent poverty areas and areas composed largely of people of color. This data can be tracked through analyzing location data, including census tract at the loan level.</p> <p>NCRC CDF agrees that the current set of impact choices is sufficiently comprehensive.</p>	This comment is not related to the PRA Renewal of the SDL Program Application. The CDFI Fund will take this comment into consideration for future SDL Program updates, as appropriate.
National Community Reinvestment Coalition	Are additional questions or revisions to existing questions needed in the Application to further	NCRC CDF agrees with the current differentiation provided by CDFI Fund.	The CDFI Fund has taken this comment into consideration as confirmation that generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application in response to this

	clarify and differentiate the three eligible Applicant types? If so, please describe and justify.		comment.
National Community Reinvestment Coalition	Should the CDFI Fund make revisions to the attestation form that the federally insured depository institution (FIDI) must sign? If yes, what are the revisions? Should the CDFI Fund request any other documentation that the FIDI must submit in order to demonstrate its primary mission to serve targeted Investment Areas? If so, please describe and justify.	NCRC CDF does not have any proposed modifications to the attestation form.	The CDFI Fund has taken this comment into consideration as confirmation that generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application in response to this comment.
National Community Reinvestment Coalition	In future funding rounds, new priorities may emerge, such as disaster response, an economic downturn, or new initiatives. How should the CDFI Fund address changing priorities on a round-by-round basis? What approaches would be preferred?	Community engagement is key to developing and incorporating priorities. We suggest that the CDFI Fund consult with CDFIs, MDIs, and other community banking entities when determining priorities.	This comment is not related to the PRA Renewal of the SDL Program Application. The CDFI Fund will take this comment into consideration for future SDL Program updates, as appropriate.
Center for Responsible Lending	The FY 2021 SDL Program Application states that the Awards will not be	We generally strongly support provision of these prohibited practices, in particular a clear	This comment is related to the design of the SDL Program and is not related to the PRA Renewal of the SDL Program Application. The CDFI Fund will take this comment into consideration for future SDL Program

	made to organizations that engage in the Prohibited Practices listed in the NOFA. Are the Prohibited Practices reasonable?	interest rate limit of the lower of an all-inclusive 36% APR or the state interest rate limit. This structural safeguard will go a long way toward ensuring that these loans -- no more than \$2,500 by statute -- will be responsibly designed. We continue to urge that this rate limit be tiered down to a fee-inclusive 31% for loans between \$1,001 and \$2,500, and that a grantee's entire portfolio comply with these caps as well as a cap of a fee-inclusive 25% for loans above \$2,500 (or in all cases, state interest rate limits if lower). These lower caps are generally consistent with median interest rate limits set by states, which tend to apply lower interest rate caps as loans get large.	updates, as appropriate.
Center for Responsible Lending	The FY 2021 SDL Program Application states that the Awards will not be made to organizations that engage in the Prohibited Practices listed in the NOFA. Are the Prohibited Practices reasonable?	<p>We strongly support the additional prohibited practices, with suggestions for strengthening them in italics:</p> <ul style="list-style-type: none"> • coerced automated repayments; • excessive refinancings, which the Fund defines as loans that allow refinancing before at least 80% of the principal has been repaid; • automatic loan insurance or credit card add-ons (the latter meaning the loan requires a 	<p>The CDFI Fund has taken into consideration the comment related automatic loan insurance or credit card add-ons and will update the definition of this prohibitive practice to state that opt-in and opt-out features are prohibited practices.</p> <p>Due to mixed feedback from the Respondents, the CDFI Fund will take the comments related to late fees, abusive overdue draft practices, and aggressive debt collection practices into consideration for future SDL Program Application updates.</p>

		<p>borrower to accept or opt-out of a credit card), <i>though we urge the Fund to prohibit add-ons whether they are automatic or not, as lenders are often able to ensure these are included even when they are nominally “voluntary”;</i></p> <ul style="list-style-type: none"> • security interests in household goods, vehicles, or deposit accounts, with an exception for loans with a savings account component or credit builder loans; • excessive late fees on missed loan payments, defined as loans that charge more than one fee per late payment, <i>though we urge that the Fund ensure any late fee is relatively low, for example, \$5;</i> • abusive overdraft practices, <i>though we strongly urge the Fund to prohibit grantees from operating typical high-cost overdraft programs at all, and, at a minimum, prohibiting any overdraft fees in association with SDL Program loans in their entirety, rather than merely limiting them. While six overdraft fees in a year may be a meaningful overall limit for a consumer, six such fees associated with a single loan -- especially one explicitly intended to promote financial inclusion -- is extraordinarily expensive and punitive;</i> • aggressive debt collection 	
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Center for Responsible Lending	Are there prioritized lending practices and characteristics that should be added to the list?	<p>We also urge that an ability-to-repay determination that considers both income and expenses be elevated from a “prioritized practice” to one that is required (such that failure to do so be deemed a “prohibited practice”). Federal laws and guidances have long considered underwriting for ability to repay a key requirement of responsible lending.</p>	<p>This comment is related to the design of the SDL Program and is not related to the PRA Renewal of the SDL Program Application. The CDFI Fund will take this comment into consideration for future SDL Program updates, as appropriate.</p>
Center for Responsible Lending	Are the prioritized lending practices and characteristics reasonable?	<p>We also strongly support the Fund’s designation as “priority practices” loan terms of least 90 days and loans with a savings feature. Again, please see our</p>	<p>The CDFI Fund has taken this comment into consideration as confirmation that, generally, information collected in the SDL Program Application is appropriate, so no changes were made in the Application as a result of this comment.</p>

		September 2020 comments, attached, for further discussion.	
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