

Supporting Statement for Paperwork Reduction Act Submissions
Community Development Financial Institutions (CDFI) Fund
CDFI Certification Application, OMB 1559-0028

A. Justification

1. Circumstances necessitating collection of information

A Certified Community Development Financial Institution (CDFI) is a specialized financial institution that works in markets that are underserved by traditional financial institutions and provide a range of Financial Products and Financial Services in economically distressed Target Markets. CDFIs include regulated institutions such as community development banks and credit unions, and non-regulated institutions such as loan and venture capital funds. CDFI Certification is a designation conferred by the CDFI Fund and is a requirement for accessing various CDFI Fund programs. A financial institution seeking to become a Certified CDFI and qualify to apply for assistance from the CDFI Fund must complete the CDFI Certification Application.

The CDFI Fund is authorized by the Riegle Community Development Banking and Financial Institutions Act of 1994 (Pub. L. 103–325, 12 U.S.C. 4701 et seq.) (the Act). The regulations governing CDFI Certification are found at 12 CFR. 1805.201 (the Regulations). The significance of CDFI Certification has increased over the years, as the CDFI Certification status has come to serve as a qualifier for other federal government and private sector resources and benefits. Beginning in January 2017, through the issuance of a Request for Information, the CDFI Fund sought to review and update the CDFI Certification policies and procedures to ensure they continue to meet the statutory and regulatory requirements, are responsive to the evolving nature of the CDFI industry, and protect government resources. In May 2020, the CDFI Fund requested public comment on proposed revisions to the Application and reporting requirements for Certified CDFIs. As a result of comments received during that public comment period, the CDFI Fund made additional revisions to the proposed Certification Application.

The revised certification policies and Application attempts both to provide the flexibility necessary for CDFIs to grow and to serve the hardest to reach distressed communities, and to maintain the integrity of what it means to be a certified CDFI from a mission perspective. In addition, where existing policy warranted changes, revisions were made to the Application and guidance to provide greater transparency and clarity around the criteria that entities must meet to obtain and maintain CDFI Certification.

2. Method of collection and use of data

The data collected via this form will be collected by voluntary submission by organizations seeking initial certification as a CDFI. Subsequent to initial certification, CDFIs are evaluated annually and are required to submit an Annual Certification and Data Collection Report (ACR) and will be required to submit an abbreviated CDFI Transaction Level Report (TLR), in order to maintain certification and assess Target Market activity (OMB Control Number 1559-0046).

3. Use of Information Technology

The CDFI Certification Application is available through the CDFI Fund's Award Management Information System (AMIS), located on the CDFI Fund's website. The CDFI Fund will require that applicants submit Certification Applications electronically.

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4. Efforts to identify duplication

The CDFI Certification Application does not duplicate any other CDFI Fund or federal program information-gathering tool.

5. Impact on small entities

This collection of information does not have a significant impact on small entities.

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

The CDFI Fund is statutorily required to have an application process for certification of CDFIs. Since CDFI Certification is a prerequisite for receiving funding from the CDFI Fund, the Certification Application is a critical part of the CDFI Fund's operations. Additionally, the CDFI Certification status is used to leverage funding from other government and non-government funding sources. Once certified, an entity's certification remains intact, provided the entity continues to meet the certification regulatory and reporting requirements.

7. Circumstances requiring special information collection

There are no special circumstances.

8. Solicitation of comments on information collection

Comments on the Certification Application were solicited via notice in the *Federal Register* on May 7, 2020 (85 FR 27274). The CDFI Fund received 55 comment letters. Although, the majority of comments align with the proposed policy changes and updates to the Application collection, the CDFI Fund made substantial updates to the Application in consideration of comments deemed appropriate on how best to implement those policies. An update to the online version of the Application, located in AMIS, facilitates the efficient data collection. At this time, policy matters or proposed changes to the application have been taken under advisement. The comments and CDFI Fund responses to all of the comment letters can be found in Appendix I, Responses to Public Comments.

9. Provision of payment to respondents

No payments or gifts will be made to respondents.

10. Assurance of confidentiality

The CDFI Fund is subject to all federal regulations with respect to confidentiality of information provided by CDFI Certification applicants. No other assurances of confidentiality have been provided.

11. Justification of sensitive questions.

No personally identifiable information (PII) is collected.

12. Estimate of the hour burden of information collection.

The burden for this information collection is broken-down into categories of affected public with the total estimated burden of 61,280 hours. The same Application (collection instrument) is used in all categories. Currently Certified CDFIs will be required to submit a new CDFI Certification Application to demonstrate compliance with the new policies and maintain their Certification and will be allowed a grace period of at least 12 months to do so. Therefore, the CDFI Fund

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anticipates a substantial increase in the number of respondents in this request from the previous request, during the first year of implementation.

Affected Public	# Respondents	# Responses Per Respondent	Annual Responses	Hours Per Response	Total Hours
Recertifying Private Sector	1,460	1	1,460	40	58,400
Recertifying State, Local, & Tribal	72	1	72	40	2,880
Totals	1,532	1	1,532	40	61,280

13. Estimate of total annual cost burden to respondents

There are no additional cost burdens to respondents to this collection of data. No purchase of equipment or services will be needed 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 review the submitted applications, maintain the electronic application system, and collect follow-up information from applicants and ensure compliance with CDFI Certification policy.

15. Any program changes or adjustments

The CDFI Fund has made substantial changes to the data collected in the Certification Application. There is a substantial increase in the aggregate number of respondents from 300 to 1,532 due to the requirement for all currently certified CDFIs to become recertified under the new Application. Thus, the CDFI Fund expects to receive more submissions, and the total estimated burden is estimated to increase by 50,030 hours due to agency discretion.

16. Plans for information tabulation and publication

Confidential or proprietary information collected through the CDFI Certification Application will not be published. Organizational information or data collected in the Application or otherwise provided to the CDFI Fund (e.g. ACR, TLR) may be posted on the CDFI Fund’s public website, shared with other federal agencies or accessed via a Freedom of Information Act (FOIA) request.

17. Reasons for not displaying expiration date of OMB approval

The expiration date will be displayed.

18. Explanation of exceptions to certification statement

There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods

This section is not applicable.