



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Appendix A. CDFI Certification Application PRA - Summary of Public Comments and CDFI Fund Responses

Comment #	Organization	Author Name	Author Title	Letter Comment Date	Category	Comment	Response
1	Center Responsible Lending, et. al.	Mike Calhoun, et. al.	President	11/5/2020	Primary Mission	Support a fee-inclusive annual percentage rate (APR) limit of 36%, computed consistent with the current Military Lending Act regulations (or lower if required by state law)	The CDFI Fund has made significant changes to the Information Collection Request (ICR) based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
2	Center Responsible Lending, et. al.	Mike Calhoun, et. al.	President	11/5/2020	Primary Mission	For any mortgages offered, product protections consistent with the qualified mortgage (QM) statutory protections: (a) no negative amortization, interest-only payments, or balloon payments; (b) adjustable rate mortgages underwritten at the maximum rate in the first five years; (c) original maximum term of 30 years; and 4) total points and fees generally not exceeding three percent of the loan amount. These product protections will help ensure responsible mortgage lending while allowing innovation in underwriting that may benefit communities that CDFIs serve.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
3	Center Responsible Lending, et. al.	Mike Calhoun, et. al.	President	11/5/2020	Primary Mission	Further, urge the Fund to require that lenders assess borrowers' ability-to-repay and monitor other lending metrics like defaults, refinancings, and debt collection practices. For mortgage loans, although CDFIs are exempt by regulation from the ability-to-repay provisions of the Dodd-Frank Act, CDFIs should still demonstrate that they consider and verify borrower debts, income, and assets.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
4	Center Responsible Lending, et. al.	Mike Calhoun, et. al.	President	11/5/2020	Primary Mission	Fund should also evaluate an institution's fair lending record in advance of certification, particularly compliance with the Equal Credit Opportunity Act and Fair Housing Act.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
5	Center Responsible Lending, et. al.	Mike Calhoun, et. al.	President	11/5/2020	Primary Mission	Fund should establish an eligibility requirement that CDFIs charge no more than six overdraft fees in a rolling 12 months, consistent with the FDIC's 2010 guidance addressing overdraft programs.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
6	Center Responsible Lending, et. al.	Mike Calhoun, et. al.	President	11/5/2020	Primary Mission	We also strongly support the Fund's proposal to require that the primary mission test be applied as a whole to non-depository parents, affiliates, and subsidiaries engaged in financing.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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7	Center Responsible Lending, et. al.	Mike Calhoun, et. al.	President	11/5/2020	Target Market	Support the removal of geographic boundaries on most Target Market designations, while emphasizing that the eligibility requirements are critical to ensuring that CDFIs operating on any scale are promoting rather than eroding community development. We further urge the Fund to monitor the extent to which CDFIs with national Target Markets are responsibly reaching borrowers of color.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
8	Center Responsible Lending, et. al.	Mike Calhoun, et. al.	President	11/5/2020	Primary Mission	Aura (formerly Insikt/Lendify) makes high-rate loans through finders. Aura charged between 40% and 69.99% APR on three-fourths of its loans in 2017.7 Available loan performance data raise serious questions about the affordability of Aura loans. In 2017, 57% of Aura's average loans outstanding incurred a late fee, and those that were charged late fees incurred, on average, 4.5 late fees each. Aura charged off over 5,200 loans during 2017, or 15.8% of its average number of loans outstanding. Aura securitizes loans it brands as "social impact bonds."8 Aura has also lobbied to weaken state usury laws – in California, Florida, and New York, for example – by pushing for exceptions that would allow it to lend at higher rates than the laws allow. Aura's finder model also skirts broker laws in a number of states and encourages unaffordable lending. Aura pays these finders for marketing, brokering, and loan servicing.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
9	Center Responsible Lending, et. al.	Mike Calhoun, et. al.	President	11/5/2020	Primary Mission	Oportun, another CDFI, also has a history of charging high rates up to 69.99%. While its refinance rates are not available, 80% of its dollars loaned go to repeat customers. Its late fees also signal unaffordability: In 2018, it collected late fees on roughly 75% of its loans. Oportun has recently made headlines for grossly abusive debt collection practices. ProPublica investigated Oportun's sue-to-intimidate method, finding that the company filed 47,000 suits across Texas over the last four years, making it the state's most litigious personal loan company. Oportun has filed over 5,000 suits in Texas since the start of the pandemic. The Guardian found that Oportun accounted for at least 15% of small claims filings in California	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
10	Children's Investment Fund CIF	Teresa Jordan		11/4/2020	Target Market	We urge you to consider a change in policy to allow CDFIs like CIF, which finance community facilities, to be certified for a LITP TM. Specifically, we request that a financial product benefitting a community facility be considered to serve an LITP TM if at least 25% of the facility's beneficiaries are low-income. This proposed policy directly mirrors the way that affordable housing-focused CDFIs are able to claim a LITP TM through a set-aside of housing units for low-income residents. We ask you to extend this policy to community facilities like child care centers that meet a requirement to set-aside classroom slots to serve children from families with low incomes.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
11	Heartland	Sara Easley		11/4/2020	Basic	All credit unions are required by law to be democratically	The CDFI Fund agrees with this comment and has

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	Credit Union				Information	controlled cooperatives, the addition of multiple questions on the Basic Information section is redundant and unnecessary. In this section, the proposal would include ten questions requiring a credit union to demonstrate its board is democratically elected. In the aggregate, this proposal would only serve to increase the time and cost to complete the CDFI Certification Application, which could have a detrimental effect on participation.	eliminated the referenced questions in the Basic Information section of the Application.
12	Heartland Credit Union	Sara Easley		11/4/2020	General	The Fund should reconsider this proposal and, instead, focus on evaluating its participants by further developing a partnership with the NCUA and using the information collected by NCUA during its routine examination process to encourage greater CDFI participation among America's credit unions.	The CDFI Fund has made significant changes to the ICR based on comments received and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.
13	Heartland Credit Union	Sara Easley		11/4/2020	Primary Mission	The proposed Primary Mission section, fails to recognize that CDFI designated credit unions already operate pursuant to comprehensive regulatory requirements implemented by the National Credit Union Administration (NCUA) and the Consumer Financial Protection Bureau (CFPB). Under the regulation and supervision of these federal regulators, not to mention relevant state laws, credit unions comply with a host of rules meant to be a safeguard against anti-consumer products and practices. Despite this, the proposed Primary Mission section would add a series of questions about each and every financial product and service offered by the credit union - all in the name of demonstrating the credit union is complying with CDFI principles.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
14	Heartland Credit Union	Sara Easley		11/4/2020	Primary Mission	Using the MAPR as the exclusive lens through which to evaluate all consumer credit products is inappropriate and we strongly object to the CDFI Fund adopting this change. It is particularly troubling that the application proposes to ask questions using the annualized rate of interest and other fees charged to a borrower based on the Military Annual Percentage Rate (MAPR) - irrespective of the borrower's status as an active duty service member or dependent. These additional questions not only significantly misunderstand the Military Lending Act's (MLA) definition of a covered borrower, but are also an attempt to create an across-the-board standard for evaluating consumer financial products that fails to reflect the realities of the consumer credit market or how finance charges are calculated for non-MLA borrowers. If adopted, these questions could inadvertently result in the arbitrary cessation of or reduction in the availability of products that might have a seemingly high MAPR or "all-in" cost of credit but reflect reasonable pricing determinations.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
15	Heartland Credit Union	Sara Easley		11/4/2020	General	Proposed application changes could ultimately serve as unnecessary barriers for qualified credit unions to access the CDFI designation. The proposed application would ultimately	This comment is not pertinent to this ICR. This ICR collects the data that the CDFI Fund needs to ensure that CDFIs continue to meet the

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						discourage new credit unions' interest in the CDFI program and could potentially harm the credit unions currently participating. We strongly encourage the Fund to reconsider its proposed amendments and refocus its efforts on finding ways to encourage, rather than discourage, participation from community-based credit unions.	requirements to be certified CDFIs.
16	Veenstra Consulting Group	Alice Veenstra		11/4/2020	Primary Mission	Controlling Entity Mission: A significant reason that organizations create subsidiaries that they want to get certified as CDFI is that the current organization (the Controlling Entity) does not qualify as a CDFI. Generally the CE does not qualify because of its asset mix (it owns too much real estate) or because its mission is not specific enough to meet the Fund's definition of community development. I think it is fine to require the parent to have a mission that is purposefully directed to improving social or economic conditions with two very important caveats. First, the parent needs to be able to demonstrate their community development mission via the activities of the CDFI sub. If only community development, mission oriented organizations can be parents, we will lose a significant portion of the current industry and will cut off a key pathway for growth of the industry. I think this model (non-CDFI parent of a CDFI sub) provides a public benefit, it helps CDFIs achieve the mission of serving underserved communities.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
17	Veenstra Consulting Group	Alice Veenstra		11/4/2020	Primary Mission	for-profit organizations don't have mission statements, this is kind of a non-profit thing. I would strongly encourage the Fund to be flexible in accepting guiding principles, vision statements, and related statements from for-profit parent companies.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
18	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	General	Call for the CDFI Fund to engage in series of substantive consultations with the CDFI industry	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
19	CUNA short	Chris Roe	Senior Vice president	11/3/2020	General	Call for the CDFI Fund to engage in a series of substantive live consultation with the CDFI industry as part of a substantial redesign of the application, with a redesigned proposal published for a second round of formal comments prior to implementation	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
20	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Application	Inclusiv does not believe that the proposed CDFI Certification Application can be repaired by simple adjustments, corrections and alterations. In just 44 pages of the proposed application we have noted 96 specific areas that require substantial modification, extensive restructuring or simple deletion ²	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
21	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	General	The depth and breadth of these concerns have led us to join our partner CDFI trade associations in a call for the CDFI Fund to engage in series of substantive consultations with the CDFI industry	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and

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							compliance.
22	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Basic Information	Financial Products: As regulated entities, credit union financial products are defined by regulatory standards. For example, the National Credit Union Administration (NCUA) provides credit unions with specific instructions for how financial products should be classified and reported in quarterly 5300 call reports, including the proper accounting of loan participations as new lending activity - incidentally, a loan product that does not appear on the CDFI Fund's list.	This comment is not pertinent to this ICR. This ICR collects the data that the CDFI Fund needs to ensure that CDFIs continue to meet the requirements to be certified CDFIs.
23	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Target Market	The number of financial services accounts is a significantly biased measure, since wealthier members will always have many more savings, money market, investment, IRA Keogh and other accounts than our low-income members.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
24	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Target Market	High frequency financial services such as check cashing, pre-paid debit and money orders are critically important to many low- and very-low income consumers, but the volume of these services is not captured by counting deposit accounts.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
25	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Target Market	Specialized deposit accounts like certificates of deposit are tools for asset/liability management, with the number of accounts opened in a year subject to large fluctuations based on external factors such as, cost of capital, liquidity and lending - factors that are essential for credit unions to serve CDFI Target Markets but do not reflect the delivery of financial services in CDFI Target Markets	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
26	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Target Market	While the number of new deposit accounts is a relatively meaningless measure for credit unions, the CDFI Fund's proposal would incentivize the costly collection of irrelevant data, which would diminish focus on meaningful financial services and open the door for unscrupulous players who could easily manipulate the "number of new deposit accounts" metric	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
27	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Basic Information	Financial Products: While key product definitions may be useful and necessary for unregulated CDFIs, the CDFI Fund should defer to the definitions provided by regulatory authorities for banks and credit unions. To avoid confusion, the application should clearly state that CDFI banks and credit unions are expected to follow the applicable guidance of their regulators for defining and reporting financial product activities.	This comment is not pertinent to this ICR. This ICR collects the data that the CDFI Fund needs to ensure that CDFIs continue to meet the requirements to be certified CDFIs.
28	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Target Market	Financial Services: Since it is not possible to "count" total financial service activities, a better proxy measure would be the total number of unique and active members served by credit unions (or the number of unique account holders served by CDFI banks). This would provide a more accurate indicator of the full range of access to financial services -- without giving more weight to wealthier members who will always have more deposit accounts. It would also eliminate	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						any incentive to manipulate "new" account openings or saddle low-income members with more accounts than they require – a practice that lay at the heart of a major bank scandal in 2016.	
29	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Basic Information	After more than two decades of credit union certifications Inclusiv is disappointed to find that the CDFI Fund still does not recognize a fundamental philosophical and legal requirement for all credit unions; specifically, that all credit unions are financial cooperatives governed by a board of directors who are democratically elected by members on the basis of one-member, one vote. This requirement applies equally to every credit union, whether chartered at the federal level by NCUA, by state regulatory authorities or by COSSEC in Puerto Rico. Nevertheless, the proposed Basic Information section includes ten questions that ask credit unions to demonstrate through short answers and uploaded documentation that their governing boards are democratically elected by members.	The CDFI Fund agrees with this comment and has eliminated the referenced questions in the Basic Information section of the Application.
30	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Basic Information	The Certification Application should recognize that all credit union boards are democratically elected by membership and recognize that democratic governance ensures accountability to all segments of a credit union's membership. As noted in the Accountability section below, the "special" provision for credit union accountability should be available for any type of CDFI that has a governing board democratically elected by the people they serve. If CDFI Fund does extend this provision to any democratically governed CDFI, then these questions may be appropriate for non-credit union CDFIs that wish to qualify for the special provision.	The CDFI Fund agrees with this comment and has eliminated the referenced questions in the Basic Information section of the Application.
31	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Legal Entity	Inclusiv is concerned that Legal Entity verification remains substantially unchanged from the cumbersome manual process introduced with the first certifications in 1996. The proposed application continues to rely on copies of historic documents to confirm the legal status of each CDFI; a costly process that ultimately does nothing to establish whether an entity is an active legal entity. For example, after decades of consolidation in the financial sector there are literally thousands of inactive banks and credit unions that no longer exist for which the full list of documentation requested by the CDFI Fund could be provided.	The data to be collected via this ICR is specific and required for business purposes and compliance.
32	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Legal Entity	The Federal Government's System for Award Management (SAM.GOV) conducts due diligence and validates the legal and operational status of institutions without need for submission of historical organizational documents to the CDFI Fund – or lengthy review by CDFI Fund staff. The Legal Entity test could be streamlined by requiring all applicants to complete their registration with SAM.GOV, which would provide efficient due diligence on legal status and also would ensure that all certified CDFIs are prepared to apply for CDFI	The data to be collected via this ICR is specific and required for business purposes and compliance.

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						financial awards. New CDFIs frequently miss the opportunity to apply for FA and TA grants because their SAM registrations are not completed in time, but early SAM registration would prevent this from ever happening again.	
33	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Primary Mission	Inclusiv recognizes the CDFI Fund's desire to discern an organization's primary mission through a review of its activities, but the proposed attempt to set objective boundaries for all varieties of financial products and financial services is akin to trying to build a permanent wall around a dynamic and rapidly growing community. The CDFI Fund is not a regulator and does not have the capacity to establish static boundaries for acceptable products and practices in a financial sector undergoing accelerating innovation. Nevertheless, the proposed application attempts to do just that.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
34	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Primary Mission	Strong and Informed Support from Governing Board: The CDFI Fund proposes to continue the current practice of parsing documents and checking dates to see if there is a paper trail with sufficient evidence of primary mission. While virtually all credit union bylaws contain language that speaks to a mission of community development, the CDFI Fund's time-consuming desk review does not yield useful insight into organizational commitment.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
35	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Primary Mission	Primary Mission test should require applicants to submit board resolutions that: i. attest to the institutional commitment to the CDFI mission; ii. provide a brief narrative to summarize activities that demonstrate that commitment; and, iii. confirm that the board understands the seven certification requirements and obligations for annual recertification and reporting.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
36	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Primary Mission	Attestations of Consumer Protection: The CDFI Fund could ask certification applicants a series of questions that would identify any products or practices that exceed design parameters established by financial regulators or CFPB and whether they have been the subject of consumer complaints, lawsuits or judgements. Regulated entities would be asked to attest that all products and services adhere to regulatory standards and whether they have received a negative finding related to consumer regulations.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
37	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Primary Mission	Due Diligence on Consumer Protection: Based on the attestations provided by applicants, the CDFI Fund can conduct due diligence with regulatory authorities and public reporting agencies such as the Consumer Financial Protection Bureau (CFPB), Better Business Bureau state and local authorities and media scans. The CDFI Fund should also review consumer-facing product information to further validate the attestations.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
38	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Target Market	The CDFI Fund has proposed that Insured Depositories could qualify for a lower (i.e., 50%) threshold for Target Market	The CDFI Fund has made significant changes to the ICR based on comments received and

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						financial product activities provided that more than 60% of “financial services” are in CDFI Target Markets. Fund has correctly determined that Insured Depositories require a measure of flexibility in meeting the Target Market test for certification. However, the CDFI Fund’s proposal to condition this flexibility on the provision of financial services – as measured by number of new deposit accounts – is fundamentally flawed by its overwhelming bias.	interagency consultations, and the data collected is specific and required for business purposes and compliance.
39	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Target Market	Wealthier members will always have many more savings, money market, investment, IRA Keogh and other accounts than low-income members, so contrary to the democratic governance ethos of credit unions, wealthier members will be counted more than low-income members.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
40	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Target Market	Credit unions use specialized deposit accounts, such as certificates of deposit, as tools for asset/liability management with the number of accounts opened in a year subject to large fluctuations based on external factors such as cost of capital, liquidity and lending – factors that are essential for credit unions to serve CDFI Target Markets but do not reflect the delivery of financial services in CDFI Target Markets.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
41	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Target Market	The number of new deposit accounts opened in any given year is a relatively meaningless measure for credit unions, but the CDFI Fund’s proposal would incentivize the costly collection of this irrelevant data, which would diminish focus on meaningful financial services and open the door for unscrupulous players who could easily manipulate the “number of new deposit accounts” metric	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
42	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Development Services	With the rapid expansion of online learning and the COVID-accelerated need to deliver content without in-person contact, the CDFI Fund should acknowledge a broader range of Development Services activities.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
43	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Accountability	Any CDFI that has a governing board that is democratically elected by the people they serve should be deemed accountable to any Target Markets that meet the Target Market test for certification. Credit unions should be automatically recognized as democratically governed financial institutions; other types of CDFIs would need to demonstrate to their democratic governance to qualify for the special provision. CDFIs that are not democratically governed would be evaluated based on the CDFI Fund’s proxy indicators of accountability for governing and advisory boards. Inclusiv will defer to our CDFI partners for specific recommendations on evaluating non-credit union Accountability.	In recognition of the regulatory requirements placed on a credit union’s governing board, the CDFI Fund has established an option by which a credit union may demonstrate Accountability to its Target Market(s) based on its membership and the use of an advisory board. The CDFI Fund believes that this policy is appropriate and ensures accountability to the Target Market(s) while reducing burden caused by the ICR for credit unions that meet these conditions.
44	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Accountability	Plan for Diversity, Equity and Inclusion: Inclusiv understands that the CDFI Fund cannot suddenly require all CDFIs to have fully representative governing boards, but we do believe that all CDFIs can be asked to have a plan. A redesigned Accountability section could ask CDFIs for two pieces of	The CDFI Fund will collect Basic Information data on the demographics of an Applicant’s governing board and executive staff.

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						information: • the degree to which governing and advisory boards reflect the characteristics of the communities they serve; and, • their plan to move towards and/or maintain diversity, equity and inclusion in their financial institution.	
45	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Application	Current changes will 1) Reduce the diversity of CDFI Types, activities and geographies by generating an exodus of credit unions from the CDFI field due to increased cost of basic compliance, inconsistency with regulatory standards and incompatibility with business practices -- with severe impacts on larger mortgage lenders as well as with small and minority-designated credit unions; 2. Stifle growth, reach and innovation among CDFIs by requiring a bureaucratic "approval" process for every new financial product or financial service added by individual CDFIs, with no clearly defined purpose for these approvals; 3. Weaken the CDFI Brand by discouraging participation of regulated institutions and increasing the compliance costs of legitimate CDFIs while still allowing the entry of questionable actors that can exploit loopholes in the process; 4. Maximize burden on CDFIs by imposing costly collection of data with little utility, including the exhaustive descriptions of every financial product and service, demand for historic organizational documentation, onerous requirements for Development Services and unnecessarily detailed collection of transaction-level data on millions of loans; and, 5. Reduce efficiency of CDFI Fund staff in rendering CDFI Certification determinations due to the increased volume and complexity of applicant data that would need to be reviewed, increased likelihood of technical delays in processing of transaction data, incompatibility with regulatory standards, and lack of integration with existing systems for due diligence (i.e., SAM.GOV) and financial regulation (e.g., NCUA, FDIC, CFPB).	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
46	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Application	1. Is the information that will be collected by the revised application necessary and appropriate for the CDFI Fund to consider for the purpose of CDFI certification? Response: No. As explained in the body of our comment letter our comment letter, above, the revised application would collect a significant amount of documentation and data that is irrelevant, inappropriate and unnecessary for the CDFI Fund to determine if an applicant meets threshold requirements for the Legal Entity, Primary Mission, Target Market, Development Services, and Accountability tests. Inclusiv is concerned that the volume of unnecessary information would impose a costly burden on CDFIs and the CDFI Fund itself, which already has difficulty completing timely reviews and determinations of much more concise certification applications, target market modifications, CLR/TLR grant reports and annual recertification reports.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
47	Inclusiv	Terri Ratigan	Senior CDFI	11/4/2020	Application	2. Are certain questions or tables redundant or unnecessary?	The CDFI Fund has made significant changes to

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			Specialist			Response: As noted in our comment letter, Inclusiv has noted 96 specific areas that require substantial modification, extensive restructuring or simple deletion within just 44 pages of the revised application. For this reason we recommend a substantial redesign of the proposed application.	the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
48	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Basic Information	3. Should any questions or tables be added to ensure collection of relevant information? Response: Most of our recommendations would remove or reduce the number of questions and tables, such as the needless and repetitive descriptions of every financial product and financial service. But as noted in our comment letter, Inclusiv also recommends that the CDFI Fund add questions on Diversity, Equity and Inclusion to the Accountability section of a redesigned application.	The CDFI Fund will collect Basic Information data on the demographics of an Applicant's governing board and executive staff.
49	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Primary Mission	4. Are there questions where the intent or the purpose of the question is not clear? If so, which questions, and what needs to be clarified in order to provide a comprehensive response? Response: There are numerous questions for which the purpose is unclear. For example, it is not clear how the CDFI Fund will use the exhaustive (yet still significantly incomplete and misleading) data and information requested on every financial product and service to divine the Primary Mission of applicants. There also is no clear purpose for the CDFI Fund's proposed "approval" of financial products and services that are not listed in the limited menu of options on the revised application, or what would be the basis for approval or disapproval of such products.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
50	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Application	5. Are there questions that would require additional guidance to respond adequately? If so, which questions, and what type of instructions would be helpful in order to be able to provide a response? Response: It would be a mistake to focus on the need for additional guidance for questions that need to be extensively revised or removed altogether.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
51	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	General	6. What is a reasonable grace period for currently certified CDFIs to come into compliance with the new certification criteria? Response: We believe existing CDFIs should be provided 24 months to come into compliance with any new certification criteria.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
52	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	General	7. Should the CDFI Fund transition to a quarterly CDFI Certification Application cycle? Response: If a quarterly application cycle would increase efficiency at the CDFI Fund, then Inclusiv would be supportive as any costs to the field would be offset by the increased efficiency and predictability of the process.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
53	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Primary Mission	8. Are the questions in the revised application appropriate to determine an entity's community development intent? Response: No. See the Primary Mission session of our comment letter and response to questions 1, 2 and 4, above.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and

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							compliance.
54	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Primary Mission	9. Are there other practices related to the provision of Financial Products and/or Financial Services that should be considered indicators of an entity's community development intent? Response: No. As noted in our comment letter, it is not possible for the CDFI Fund to make a meaningful determination of an entity's community development intent through a desk review of applicant data and information about financial products and services. Instead, the CDFI Fund should ask CDFIs to identify and discuss only those with characteristics that fall outside of established consumer protection parameters. The CDFI Fund's due diligence process using publicly available information can then be used to determine whether the applicant's performance reflects a primary mission of community development.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
55	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Primary Mission	10. Should any of the questions in the application related to responsible financing practices be used as a basis to automatically disqualify an Applicant from eligibility for CDFI Certification, or are there alternative criteria that should be met or used in such a manner? Response: No. Most of the questions are inappropriate for regulated entities and would not yield useful information for unregulated entities on which to base such a clear-cut determination by the CDFI Fund. As noted in our comment letter, a better alternative is to focus	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
56	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Primary Mission	11. If there are practices that should be considered either disqualifying or a prerequisite for CDFI Certification, should there be exceptions for any entities that engage or fail to engage, respectively, in such practices and, if so, under what circumstances? Response: There are certainly predatory practices that should be considered disqualifying, but it would be surpassingly difficult to draw a stable set of bright lines to determine CDFI eligibility. As noted above, products, services and features continue to evolve in consequential ways and there is no practical way to eliminate the grey area where an otherwise responsible product may be tweaked in a new way that puts consumers at risk. The CDFI Fund should monitor consumer protection standards as they continue to evolve and focus attention on products, services and features that exceed those standards.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
57	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Primary Mission	12. Are there any other practices related to the responsible provision of Financial Products, especially those related to mortgage or other real estate lending, and to equity investments, for which either the presence or absence of which should be considered for purposes of CDFI Certification? Response: See previous comment.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
58	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Target Market	16. Are there other circumstances under which the CDFI Fund should continue to require entities to map their Target Markets and, by implication, limit eligible Target Market activity to such geographic areas? Response: The CDFI Fund	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						should not require any CDFI to limit their activities in any eligible Target Markets. CDFIs should continue to have the option of designating a custom Investment Area if they so choose, but they should not be required to do so. There should be no requirement to map LITP, OTP or non-contiguous (i.e., non-custom) CDFI Investment Areas.	
59	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Target Market	17. Are there other Financial Services that the CDFI Fund should consider measuring toward the Target Market test? If so, how should they be incorporated into a single measure, with depository accounts, of an entity's Financial Services activity? Response: As noted above, there is no practical way to count Financial Services activities and the CDFI Fund's proposed proxy measure fails on a number of fronts. If the CDFI Fund wants to assess Target Market access to Financial Services, then a better measure would be based on the number of unique credit union members or unique account holders.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
60	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Target Market	18. Are the proposed thresholds for Financial Product and Financial Services activity appropriate when both are used to meet the Target Market test? Response: No. As noted above, more appropriate thresholds would be 60% Target Market deployment of financial products by number and 50% Target Market deployment of financial products by dollar amount. As noted above, there is no practical way to "count" financial services activities, but a better proxy would be based on unique members or unique account holders.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
61	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Accountability	19. Are any of the revised accountability requirements unduly burdensome? Response: Yes. As noted in our comment letter, the CDFI Fund places undue burdens on itself and on credit unions by trying to apply abstract tests of Accountability to democratically governed cooperatives.	In recognition of the regulatory requirements placed on a credit union's governing board, the CDFI Fund has established an option by which a credit union may demonstrate Accountability to its Target Market(s) based on its membership and the use of an advisory board. The CDFI Fund believes that this policy is appropriate and ensures accountability to the Target Market(s) while reducing burden caused by the ICR for credit unions that meet these conditions.
62	Inclusiv	Terri Ratigan	Senior CDFI Specialist	11/4/2020	Accountability	20. Are there alternative ways an entity can demonstrate decision-making accountability to its Target Market(s) that the CDFI Fund should consider? Response: Yes. The CDFI Fund should consider any CDFI to be accountable if it has a board of directors that is democratically elected by account holders on the basis of one person, one vote. The CDFI Fund should also consider the CDFI's plan to promote or maintain diversity, equity and inclusion.	In recognition of the regulatory requirements placed on a credit union's governing board, the CDFI Fund has established an option by which a credit union may demonstrate Accountability to its Target Market(s) based on its membership and the use of an advisory board. The CDFI Fund believes that this policy is appropriate and ensures accountability to the Target Market(s) while reducing burden caused by the ICR for credit unions that meet these conditions.
63	Vermont State Employees Credit Union	Simeon Chapin	Community Impact Officer	10/28/2020	Application	as a credit union, we are disheartened by numerous elements that ignore or misunderstand fundamental characteristics of our legal and operational structure	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected

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							is specific and required for business purposes and compliance.
64	Vermont State Employees Credit Union	Simeon Chapin	Community Impact Officer	10/28/2020	Application	proposed application creates a parallel, quasi-regulatory process that ignores the clear parameters already established by our actual regulators	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
65	AEO AfroAm CDBA	AEO AfroAm CDBA		11/4/2020	General	After reviewing submissions to the request for public comment published on May 6, 2020, we ask that the CDFI Fund staff take a pause before publishing a final application or guidance. We ask that you arrange a series of direct conversations (surveys, interviews, roundtables, as appropriate) with the CDFI industry. The purpose of the discussions should be to gain a full understanding the complexity of issues and challenges associated with implementing such dramatic changes in the certification requirements. The conversations should aim to gather direct feedback on how the proposals will affect a wide range of business models and gather suggestions for alternative ideas. After engaging in such conversations and considering written feedback, we ask that the CDFI Fund publish and seek feedback on a revised proposal prior to implementation. The CDFI industry seeks to collaborate with the agency to develop a proposal that will accomplish the goals of safeguarding government resources, reflect changes in the industry, and that is feasible and not cost prohibitive to implement.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
66	American Bankers Association (ABA)	Joseph Pigg		11/5/2020	Primary Mission	ABA supports the goals of the proposal, which will strengthen the Primary Mission test and examine the extent to which an entity's community development strategy is supported by the financial products and services it offers to distressed and underserved communities. We agree that CDFI Certification should not be used to subsidize entities whose products, services, or policies do not align with the CDFI Fund's mission to expand economic opportunity for underserved people and communities; that applicants should demonstrate that their products are affordable and based on a borrower's ability to repay; and that terms and conditions are clear and understandable. However, we caution against use of a loan price cap based on the Military Lending Act's "all-in" military annual percentage rate (MAPR) or similar calculation as an automatic disqualifier for CDFI Certification.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
67	American Bankers Association (ABA)	Joseph Pigg		11/5/2020	Primary Mission	ABA agrees with the CDFI Fund's goal of promoting transparency about fees that may be charged for financial products and services. However, we caution against using or relying exclusively on a threshold based on the MAPR or a similar cost measurement for these purposes. Rather, if the Application retains a question about products that exceed a threshold based on the MAPR or a similar calculation, the CDFI Fund should use a positive response to the question as	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						one factor in the evaluation of a financial product, i.e., as a trigger initiating a more holistic review of the product and the applicant's experience with it rather than an automatic disqualifier. We believe that the Application's series of questions regarding underwriting standards, default rates, loan terms for small loans, limits on refinancing, cooling off periods before a sequential or replacement loan, and payment amount and fee uniformity provide appropriate information for this assessment. In addition, if the Application retains a cost measurement based on the MAPR, it should adjust the calculation to be more accurate and informative by treating an annual fee as if it is imposed once rather than 12 times, as it is under the MLA Rule.	
68	American Bankers Association (ABA)	Joseph Pigg		11/5/2020	Primary Mission	While we support the CDFI Fund's goal to identify institutions that may not be fully committed to community development, we are concerned that use of a litmus test such as a threshold based on an MAPR, or similar calculation, will discourage or eliminate financial products that are valuable to and appropriate for underserved and underbanked people. If used as an automatic disqualifier, it will discourage the development of desirable, innovative, and effective products that promote the CDFI mission and prevent entities that offer responsible and valuable products from applying to become or remain a CDFI.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
69	American Bankers Association (ABA)	Joseph Pigg		11/5/2020	Primary Mission	First, it is important to understand that, in many cases, the MAPR calculation distorts and inflates the cost of credit, especially with regard to short-term, small-dollar loans that are an important source of credit, particularly for financially underserved consumers. To illustrate, a \$500 loan with a 60-day term, modest 15% simple interest rate, and (financed) \$20 administrative fee would only accrue approximately \$13 in interest but have an MAPR of about 40 percent. For products such as credit cards and overdraft lines of credit, the rate is calculated retroactively each month, and costs, such as annual fees and cash advance fees, are included in the calculation. A typical \$5 cash advance fee on a \$100 transaction could easily exceed the 36 percent MAPR depending on the balance. Virtually any annual fee has the potential to cause an MAPR far in excess of 36 percent. Even a modest \$12 annual fee can cause an MAPR to be in the four figures if the balance on the account happens to be low.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
70	American Bankers Association (ABA)	Joseph Pigg		11/5/2020	Primary Mission	Second, for annual fees on open-end credit, the MAPR calculation is seriously flawed—i.e., mathematically incorrect—as it calculates the MAPR for open-end credit as though an annual fee is paid monthly, creating an absurd result. Specifically, under the MAPR calculation, the annual fee is added to the total amount of fees imposed for the billing cycle that is divided by the balance. That number—which includes a fee only imposed once a year—is then multiplied	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						<p>by 12 as though it is imposed every month. Thus, the MAPR is inflated to reflect 11 fees that are not actually charged. The result is a significantly false representation of the total cost of credit.</p> <p>Not only is the calculation incorrect, it leads to an irrational result. Programs charging a single annual fee on an open line of credit have the same MAPR as programs that charge the same fee each month, making such accounts appear comparable. To illustrate, assume a borrower has a balance of \$500 on a credit card plan with an 8.25 percent interest rate and \$15 annual fee. It would have an MAPR of 68.26 percent. If the MAPR is calculated based on the assumption that the annual fee is only imposed once—not 12 times—during the year, the MAPR is 13.25 percent.⁸</p> <p>While this MAPR calculation error may have been inadvertent when the Department of Defense adopted it, if the CDFI Fund retains the MAPR formula in Question PM17, it should adjust it so it reflects annual fees accurately. Doing so will not only make the calculation correct, it will ensure the credibility of and confidence in the Application process and the CDFI Fund's evaluation of an applicant's financial products.</p> <p>Second, for annual fees on open-end credit, the MAPR calculation is seriously flawed—i.e., mathematically incorrect—as it calculates the MAPR for open-end credit as though an annual fee is paid monthly, creating an absurd result. Specifically, under the MAPR calculation, the annual fee is added to the total amount of fees imposed for the billing cycle that is divided by the balance. That number—which includes a fee only imposed once a year—is then multiplied by 12 as though it is imposed every month. Thus, the MAPR is inflated to reflect 11 fees that are not actually charged. The result is a significantly false representation of the total cost of credit.</p> <p>Not only is the calculation incorrect, it leads to an irrational result. Programs charging a single annual fee on an open line of credit have the same MAPR as programs that charge the same fee each month, making such accounts appear comparable. To illustrate, assume a borrower has a balance of \$500 on a credit card plan with an 8.25 percent interest rate and \$15 annual fee. It would have an MAPR of 68.26 percent. If the MAPR is calculated based on the assumption that the annual fee is only imposed once—not 12 times—during the year, the MAPR is 13.25 percent.⁸</p> <p>While this MAPR calculation error may have been inadvertent when the Department of Defense adopted it, if the CDFI Fund retains the MAPR formula in Question PM17, it should adjust it so it reflects annual fees accurately. Doing so will not only make the calculation correct, it will ensure the</p>	

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						credibility of and confidence in the Application process and the CDFI Fund's evaluation of an applicant's financial products.	
71	American Bankers Association (ABA)	Joseph Pigg		11/5/2020	Primary Mission	<p>Third, a rate threshold, whether based on the MAPR or similar formula, that automatically disqualifies applicants will constrain CDFIs' ability to offer credit products that are vital for expanding the credit opportunities for low-income and underserved people, especially with regard to small dollar loans. The fixed costs of providing credit represent a higher percentage of a small loan amount than they do a larger one. Thus, a small-dollar loan that covers most, but not all costs, will have a high rate, however calculated, and is likely to exceed a 36 percent MAPR cap.</p> <p>Although financial institutions may lower the MAPR, for example, by increasing the amount of the loan, that may not be in the interest of a borrower who does not want or is unable to manage a larger loan amount. Other products, such as credit cards with even a modest annual fee to support other innovative, non-credit features and services useful and attractive to underserved groups, will be unavailable. While CDFI's may be able to absorb some losses through subsidies, they need flexibility to manage risk and offer sustainable products through appropriate pricing.</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
72	American Bankers Association (ABA)	Joseph Pigg		11/5/2020	Primary Mission	<p>For these reasons, if the CDFI Fund Application requires applicants to calculate the MAPR (as adjusted to accurately reflect the cost of annual fees), we strongly recommend that it not use the MAPR component to automatically disqualify an applicant. Rather it should use it as a trigger to evaluate a financial product more holistically, using the proposed Questions PM 17.1 through 17.9 to understand the product based on a totality of its features and terms.</p> <p>We appreciate the fact that Questions PM 17.1 through 17.9 are consistent with the May 2020 "Interagency Lending Principles for Offering Responsible Small-Dollar Loans"⁹ (Interagency Principles), which we believe offer an appropriate framework for evaluating small dollar credit. For example, the Interagency Principles provide that: Reasonable loan policies and sound risk management practices and controls for responsible small-dollar lending [include] [!]loan amounts and repayment terms that align with eligibility and underwriting criteria and that promote... product structures, including shorter-term single payment structures, that support borrower affordability and successful repayment of principal and interest/fees in a reasonable time frame rather than reborrowing, rollovers, or immediate collectability in the event of default.¹⁰</p> <p>This principle reflects critical questions in the proposal designed to evaluate whether a particular credit product is fair and reasonable, such as those asking about a borrower's</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						<p>ability to repay and meet other basic expenses, (Question PM 17.2), time limits on the number of times a borrower can refinance, (Question PM 17.6) and cooling off periods between loans. Question PM 17.7).</p> <p>Using a formula to measure a financial product's costs as a trigger for additional CDFI Fund analysis of financial products and services rather than an automatic disqualifier will serve the goal of disqualifying those trying to disguise the nature and costs of their products without discouraging development of fair, responsible, and effective financial products and legitimate applications for CDFI status. We also recommend that the Application and any FAQs make clear that exceeding any rate threshold is not necessarily indicative of an unsustainable product.</p>	
73	American Bankers Association (ABA)	Joseph Pigg		11/5/2020	Primary Mission	<p>The CDFI Fund should eliminate any inquiry about "effective" APRs.</p> <p>Question PM18 asks whether the applicant discloses certain information about costs and payments, including the "effective APR" of the loan for open-end credit. Currently, neither Regulation Z nor the MLA Rule requires creditors to disclose the "effective APR." Indeed, the Federal Reserve Board, in 2009, eliminated this disclosure requirement based on extensive consumer testing that found that the disclosure confused and misled consumers.¹¹ Requiring creditors to calculate and disclose the effective APR will impose new burdens and additional costs on applicants. For these reasons, we recommend that the CDFI omit any reference to an effective APR.</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
74	American Bankers Association (ABA)	Joseph Pigg		11/5/2020	Primary Mission	<p>CDFI status should be fully decoupled from the Low Income Credit Union designation.</p> <p>ABA commends credit unions that serve a true community development mission and provide service to low income communities. However, over the past decade the National Credit Union Administration (NCUA) has made changes to the Low Income Credit Union (LICU) designation that raise serious questions about whether these credit unions always can be assumed to serve a community development function, or for that matter, can even be assumed to focus their business on service to low-income consumers and underserved communities. As a result, a credit union's status as an LICU should not be demonstrative of any component of the CDFI designation and should be decoupled from the CDFI certification process. Instead, credit unions and banks should be evaluated under the same standards.</p> <p>Congress created the LICU designation to provide a targeted benefit in the form of additional powers to those credit unions that serve low-income communities. The powers provided to low-income credit unions—an exemption from the statutory member business loan cap, the authority to</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						<p>issue supplemental capital, and the authority to accept non-member deposits from any source, including deposit brokers —are significant. Structured properly, those additional powers provide a strong incentive for credit unions to serve low-income communities.</p> <p>However, with nearly half of all credit unions now classified as "low-income," we question whether the NCUA's "low-income" designation accurately identifies credit unions that are committed to the development of low income and under-served communities. Indeed, following recent changes by NCUA (as well as aggressive marketing by the NCUA of this charter option), NCUA's definition of "low-income" is so broad that it captures tens of millions of people who are far from low-income. For example, NCUA classifies all active duty military personnel (regardless of rank or income),¹² and students (regardless of socio-economic status, degree status, or family income)¹³ as low-income persons for purposes of a credit union's qualification as a LICU. For community-chartered credit unions, NCUA's area median income requirements can produce absurd results. For example, a person earning \$114,255 would qualify as a "low income" person in Greenwich, Connecticut (80% of the area median income of \$142,81914), and Greenwich and Fairfield County actually have an LICU that any resident is eligible to join.¹⁵ Coupled with the lack of documented accountability that low-income people are actually served in those communities —credit unions are exempt from Community Reinvestment Act requirements or any requirement to document service to low- and moderate-income households—the broad definition of "low-income" undermines it as indicative of a credit union's mission or function.</p> <p>Ultimately, the broad designation of institutions as CDFIs hurts the entire community, including credit unions and banks that take community development seriously, given the limited funds available for CDFIs. For these reasons, LICU status should not be used in the CDFI designation process.</p>	
75	American Financial Services Association	Celia Winslow		11/5/2020	Primary Mission	<p>"Rate Caps Reduce Access to Credit. Discouraging institutions from lending above a 36% MAPR will reduce access to credit by the very borrowers CDFIs should be serving. A recent Federal Reserve study entitled, The Cost Structure of Consumer Finance Companies and Its Implications for Interest Rates: Evidence from the Federal Reserve Board's 2015 Survey of Finance Companies found that a loan amount of \$2,530 is necessary to break even at a 36% TILA APR.⁶ For a loan to be made profitably with a total cost of credit of 36%, the loan would have to be between \$3,500 - \$4,000.</p> <p>"While larger loan amounts have much lower interest rates</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						<p>than smaller loan amounts," the study authors wrote, "Larger loans entail greater interest payments (finance charges) and a longer period of indebtedness. In addition, risky consumers may not qualify for larger loan amounts."⁷ With substantial fixed costs, high interest rates are necessary to provide sufficient revenue to cover the costs of providing such loans.</p> <p>Larger loans can be profitable because a lender gets a larger dollar return on a larger loan, even though the proportional return is the same. Lenders' costs to originate and service loans are fixed, so lenders need to make a certain amount on each loan in order to cover overhead including rent, utilities, computers and supplies, internet, paper, insurance, taxes (including taxes levied on the loan itself), salaries, employee benefits like health insurance, and rising compliance.</p> <p>The authors concluded, "If small loan revenue is constrained by rate ceilings, only large loans will be provided. Consumers who need a small loan or only qualify for a small loan would not be served."⁸ If the CDFI Fund discourages lending by CDFIs above a 36% MAPR, borrowers will not be able to access small-dollar loans from CDFIs."</p>	
76	American Financial Services Association	Celia Winslow		11/5/2020	Primary Mission	<p>APR Should be Used as a Comparison Tool</p> <p>While imperfect with respect to smaller, shorter term loans, APR was created by Congress half a century ago to aid consumers in comparing products of like term and amount—such as the terms of two credit card offers, or the cost of two 30-year mortgages, or the cost of two installment loans from different lenders. But APR is a better measure of time than it is of true cost. It is a great comparison tool, but it can be an imperfect means of determining the "cost of a loan."</p> <p>This sort of comparison gives rise to what some perceive to be sensationally high "APRs" for these smaller loans, which would make them illegal were rate caps to become law. This is in spite of the fact that this artificial figure is intended to be used for comparisons of like products and bears no relation to the actual cost of the loan.</p> <p>In simplified terms, APR is just a mathematical tool that has value only as a comparator. The misuse of APR to compare different financial products will lead both consumers and policymakers to erroneous conclusions. For that reason, TILA requires that creditors disclose not only APR, but also Amount Financed (the size or quantity of the credit product), Finance Charge (the absolute dollar cost of the credit) and the Total of Payments (the cash flow that will be required to service the credit over its stated life). The only way to make a valid comparison, and thereby make an informed choice, when making a loan or obtaining products on credit is to look at all four of these elements and determine which credit</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						proposal what product is right for the individual consumer and the consumer's unique circumstances.	
77	American Financial Services Association	Celia Winslow		11/5/2020	Primary Mission	It is also important to bear in mind the cost of making small loans. Often the underwriting that must take place to measure the borrower's ability to repay and protect lenders against default is similar to that required for much larger loans. It follows then that there is a minimum cost to lenders which must be recouped in order to make a profit. Installment lenders across the country are committed to keeping their loans affordable, safe and manageable. It is vital that the unhelpful—even nonsensical—attempts to impose APR caps must not be allowed to destroy business models that have safely and efficiently served customers in the United States for generations, since 1916.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
78	American Financial Services Association	Celia Winslow		11/5/2020	Primary Mission	<p>"All-in" APRs Undermine TILA</p> <p>TILA was enacted to promote the informed use of consumer credit through clear and unequivocal disclosures relating to the terms and costs of credit. As mentioned above in Section IV, APR is a required disclosure of the cost of consumer credit under TILA.</p> <p>APR is a defined and well-understood term that has been the gold standard for comparing like credit products for decades. It is a useful tool for comparing like credit transactions by setting a single standard to determine the cost of credit in each proposed transaction. It was not intended to be (and is useless as) a tool to measure credit transactions that also include voluntary protection products that the consumer may choose to purchase.</p> <p>Because APR is valid only for comparing comparable credit transactions and relates only to the cost of the credit, APR has never been associated with the cost of goods, services, or insurance. This is why, in TILA, the cost of voluntary ancillary products like credit insurance are expressly excluded from the finance charge if the creditor provides the consumer with certain written disclosures, and hence, excluded from the APR.</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
79	American Financial Services Association	Celia Winslow		11/5/2020	Primary Mission	The introduction of the MAPR undermines legislative intent in TILA because it includes the cost of products (i.e., goods, services, or insurance) that are unrelated to the cost of credit, and which are not comparable from credit offering to credit offering. We emphasize, though, that even if voluntary protection products are not included in the APR calculation, they are still included in the lender's ability-to-repay analysis. For over 50 years, TILA has provided a standard of how to calculate APR, ensuring that all references to APR are consistent and require little interpretation. Until the MAPR, all creditors calculated APR the same way—the TILA way. This allowed consumers to draw conclusions as to the comparative costs of similar loan products. It also ensured	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						<p>consistency in disclosures relating to voluntary ancillary products. TILA benefits consumers by ensuring a single uniform disclosure of the cost of credit as well as any voluntary ancillary products.</p> <p>MAPR obscures the true cost of credit by including voluntary protection products in the calculation. Five decades of jurisprudence and regulatory guidance have led to confidence in the term “APR”—what it means, what is included, and what is not included in its calculation. It is not useful to add the cost of voluntary products as a “cost of credit” by inclusion in APR.</p>	
80	American Financial Services Association	Celia Winslow		11/5/2020	Primary Mission	<p>We add that Congress has spoken. TILA expressly excludes the cost of certain voluntary protection products from the cost of credit, as long as the products are not required to be purchased by the consumer.</p> <p>Courts and regulators prohibit a creditor from advertising the cost of credit without expressing the APR, and they prohibit a creditor from giving the term any meaning different than the one it is assigned in TILA. Not only do courts and regulators prohibit a creditor from advertising an APR term that is calculated differently from how Regulation Z calculates the rate, they regard a creditor’s use of an APR variant as a particularly pernicious TILA violation because such behavior undermines the universality of the term. In fact, some regulators have rejected arguments by payday lenders that an Annual Percentage Rate is an inappropriate metric for measuring the cost of a two-week loan, reasoning that APR is always the appropriate tool for measuring the cost of credit, no matter the loan product, because APR enjoys a single and universally-understood meaning.</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
81	American Financial Services Association	Celia Winslow		11/5/2020	Primary Mission	<p>Most recently, the Consumer Financial Protection Bureau (CFPB), the agency whose mission is the protection of consumers, decided against using an “all-in” APR as a metric. Former CFPB Director Richard Cordray considered using an “all-in” APR in the Bureau’s proposed Payday, Vehicle Title, and Certain High-Cost Installment Loans rule (Payday Rule), but rejected the concept in the final rule.</p> <p>The final Payday Rule stated, “... in view of the comments received, the Bureau concludes that the advantages of simplicity and consistency militate in favor of adopting an APR threshold as the measure of the cost of credit, which is widely accepted and built into many State laws, and which is the cost that will be disclosed to consumers under Regulation Z.”</p> <p>It is concerning, therefore, that the Treasury Department proposes to use MAPR. That decision is clearly a public policy choice and is without data driven basis in fact. By using an APR variant and assigning a non-TILA meaning to the term, the Treasury Department would radically alter a longstanding</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						and important consumer protection.	
82	American Financial Services Association	Celia Winslow		11/5/2020	Primary Mission	<p>A Better Way to Evaluate Small-dollar Loan Products</p> <p>We suggest that the Treasury Department and CDFI Fund use the resolutions put forth by the National Black Caucus of State Legislators (NBCSL) and the National Hispanic Caucus of State Legislators (NHCSL) as a guide for how to evaluate safe and affordable lending practices. The resolutions are attached as an appendix and a summary is below.</p> <p>Using those resolutions as guidelines, we suggest that the CDFI Fund ask applicants the following:</p> <ol style="list-style-type: none"> 1) "Are all of your closed-end credit products fixed rate, fully-amortizing loans that are repaid in substantially equal monthly installments?" 2) "Do your loan products include transparent, easy-to-understand terms, due dates, and payment amounts?" 3) "Do you evaluate each customer's ability to repay?" 4) "Do you report payment history to a credit bureau?" 5) "Do you require one-time balloon payments or the use of ACH?" 	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
83	CDBA	Jeannine Jacokes		11/5/2020	Legal Entity	<p>Within the proposed Legal Information section, CDBA believes there is an opportunity to streamline documentation. The Legal Information, while substantively appropriate, requires applicants to devote significant time to redundantly uploading documents that are already required elsewhere. The CDFI Fund can achieve the same result by relying on an entities' successful registration with SAM.gov to determine legal entity status. We support the use of registration with SAM.gov to meet the legal entity requirement for certification. In addition to efficiently addressing the legal entity requirement, SAM registration will ensure that every CDFI is ready to participate in CDFI Program funding rounds as soon as they are certified.</p>	The data to be collected via this ICR is specific and required for business purposes and compliance.
84	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	<p>We agree with the CDFI Fund on its policy goals for this section. We believe that the Primary Mission Test is the most important tool for safeguarding the integrity of the CDFI industry.</p> <p>We strongly disagree, however, with the proposed approach for implementation of a revised Primary Mission Test. We have great concern that the approach outlined in the proposed application will not be effective in screening out entities engaged in predatory practices. We believe it will, however, impose a heavy and unnecessary burden on the rest of the industry while creating an exponentially greater workload for CDFI Fund staff. The approach will result in a slower and more bogged down certification process — rather than a streamlined one that the CDFI Fund has expressed as its desired outcome. That said, we share the significant concerns that have surfaced about the predatory nature of consumer and small business lending products offered by</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						some unscrupulous entities that often target low income, unbanked, underbanked, or other vulnerable populations. Such entities should never be certified as CDFIs. Safeguarding the integrity of the CDFI industry is a top priority for us all; thus, we advance an alternative strategy.	
85	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	<p>The CDFI Fund should reposition CDFI certification as a privilege — not the right of any organization that meets the letter of the regulations but violates its spirit. CDFI certification should be a badge of honor for those that demonstrate good behavior.</p> <p>Our proposed approach is multi-prong. First, the CDFI Fund should set clear standards of performance for treatment of consumers and small businesses. Second, every CDFI should be required annually to sign a Consumer and Small Business Protection Attestation. Third, the CDFI Fund should grant itself the broad authority to deny or revoke certifications for those violating the letter or spirit of the attestation. Fourth, the CDFI Fund should clearly put all parties on notice that it has the right, at its discretion, to look outside of the materials provided by an Applicant seeking certification or recertification. If an entity's products, services, or practices appear predatory or are otherwise questionable, the Fund can, and should, deny or revoke certification.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
86	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	<p>We recommend that the CDFI Fund outline a set of guidelines and practices for products, services, and implementation that every CDFI engaged in consumer-oriented lending must commit to follow, including for consumer loans, mortgages, small business loans, and other loans made directly to individuals. Examples:</p> <ol style="list-style-type: none"> 1. All CDFIs should be required to provide clear and transparent information on fees and pricing; 2. An entity offering small dollar loan products that meets the Consumer Financial Protection Bureau (CFPB) definition of a "covered" loan should not be eligible for CDFI certification. <p>The development of such a list of criteria and practices should begin with an examination of consumer protection statutes and regulations under the jurisdiction of the CFPB. To be noted, we are NOT recommending that non-depository CDFIs become regulated by the CFPB; rather, we believe the principles articulated in these rules can be helpful in identifying guiding principles that can be used as part of the CDFI Fund's "consumer and small business protection standards" that should become part of the certification process.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
87	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	<p>DEPOSITORY CDFIs: In the case of depository CDFIs, we believe the CDFI Fund can rely on the efforts of regulatory agencies to monitor such entities for compliance with the relevant consumer protection statutes and regulations. Depository CDFI banks and credit unions represent half of the</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is

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						<p>CDFI industry and are subject to oversight by their primary regulators and CFPB. These policies are enforced vigorously by the regulatory agencies and constitute a powerful safeguard against CDFIs offering predatory or inappropriate products and practices. The CDFI Fund should consult directly with a depository's appropriate regulatory agency to assess compliance with relevant consumer protection statutes and regulations as part of the annual certification review process. If the CDFI Fund identifies regulatory concerns, such as fair lending violations or other sanctions handed down by regulatory authorities, the Fund may suspend or revoke a certification based on the context and circumstances. Below we outline the several regulatory provisions that the CDFI Fund can look toward to address concerns raised in the Request for Public Comment.</p>	<p>specific and required for businesses purposes and compliance.</p>
88	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	<p>NON-DEPOSITORY CDFIs: In the case of non-depositories, we recommend the CDFI Fund create a monitoring system that will allow it to take action if it believes a certified entity is engaged in harmful practices. Non-depository CDFIs engage in a wide variety of different types of lending, including consumer, small business, mortgage lending, affordable housing development, nonprofit facilities, commercial real estate, and more. As noted above, consumer and small business lending is where the preponderance of predatory practices occur within the marketplace. Thus, these types of lending are where the CDFI Fund should focus its most intense scrutiny. Non-depository CDFIs predominantly engaged in activities that serve nonprofit or institutional borrowers (i.e. affordable housing developers) may be exempt.</p> <p>A revamped certification process should grant the CDFI Fund broad authority to block certification or decertify bad actors if it obtains credible information that an entity has previously violated, or its current products and practices violate, the principles of the attestation. The CDFI Fund's certification process should allow the agency to consider external sources of information about the products and practices of an entity seeking certification or recertification. For example, such sources may include a history of Fair Lending violations, consumer complaints filed with the CFPB, a local Better Business Bureau, or state, local, and other Federal authorities; lawsuits or judgements against the lender; reputable news media reports; and credible reports posted on social media.</p> <p>We fully recognize the resource constraints of the CDFI Fund. We believe the vast majority of non-depository institutions do good work and do not need extra scrutiny. We believe the CDFI Fund should have full discretion to determine which organizations may require additional due diligence and</p>	<p>The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.</p>

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						analysis. As part of such an enhanced certification process, the CDFI Fund should have the authority to request and review all consumer facing product information (i.e. websites, brochures, loan agreements, pricing, and fee calculations) as are presented to prospective and actual customers. Finally, we recommend that the Fund allow the public to report questionable practices of certified entities to the CDFI Fund. The CDFI Fund may use such reports to open an investigation. Such information and facts should be reviewed as a whole in context to determine whether an entity is offering a product or service that is harmful to consumers. If so, the CDFI Fund should have the right to revoke a certification.	
89	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	The CDFI Fund needs to be transparent about what products, features, and practices would violate the Primary Mission Test. Simply, asking questions in a certification application does not set a clear standard for what may or may not be a disqualifying action. We understand that, as part of the public comment process, the CDFI Fund is currently evaluating whether any particular activities should be required or prohibited for organizations seeking CDFI certification. Whatever the outcome, CDBA urges that the application state transparently whether any particular responses (i.e. use of debt collectors, failure to offer low-cost checking accounts, etc.) will result in the Applicant not meeting the Primary Mission requirement. This transparency will ensure that organizations can plan and adapt, where appropriate, to meet best practices and comply with CDFI certification requirements.	The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.
90	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	<ul style="list-style-type: none"> PM 12 asks applicants to select from yet another narrow and ill-fitting drop down list of highly subjective options. We note that these options appear to be substantially the same as product features under the NMTC application. Using NMTC-subsidized products as a benchmark for all other CDFI products is inappropriate. Most non-NMTC product do not have the deep subsidy offered by NMTC; thus, it is unrealistic to expect CDFIs to provide products with the same features. Most of the options assume incorrectly that there are standards and standardized product and pricing definitions in use within the CDFI or the financial services sector (i.e. "below market rate," "lower than standard," "nontraditional," "less established," "lower profitability," "mainstream underwriting criteria," etc.). All of the options force lenders to make blanket statements about products that may or may not be uniformly stated across products and borrowers. In sum, this list of options is wholly inappropriate for CDFI certification purposes and should not be used. The answers on PM 12 prepopulate PM 13. 	The CDFI Fund has eliminated the referenced question and significantly streamlined the Community Development Strategy data to be collected via this ICR.
91	CDBA	Jeannine		11/5/2020	Primary Mission	<ul style="list-style-type: none"> PM 13 asks the applicant to write a series of essays on 	The CDFI Fund has eliminated the referenced

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		Jacokes				every term, condition, or practice among the products it offers. Unlike many small non-depository CDFIs, depository CDFIs offer a broad array of products. Some products are standardized, but most (such as small business loans or personal loans) are tailored to customers' needs. The amount of work required for applicants to identify and describe every iteration of these loans (as well as review work for CDFI staff) is overwhelming and will be highly unlikely to yield useful information on alignment of the products with the CDFI's mission.	question and significantly streamlined the Community Development Strategy data to be collected via this ICR.
92	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	<ul style="list-style-type: none"> In PMs 14-16, CDFIs are required to answer a series of questions on their financial services, drawn from the answers in PM 09. Like PM 12, PM 15 inappropriately asks applicants to select from a list of highly subjective drop down options that lack standardized definitions and ask applicants to make uniform statements about all of their services. 	The CDFI Fund has eliminated the referenced question and significantly streamlined the Community Development Strategy data to be collected via this ICR.
93	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	<p>To mitigate the difficulties noted above, we strongly urge Questions PM 09 through PM 11 be replaced with a single narrative character-limited question:</p> <ul style="list-style-type: none"> What are the Applicant's goals and/or objectives for improving the social and/or economic conditions of its community (or communities) served, with a specific focus on residents and/or the underserved people? <p>The application could provide a list of sample prompts to help applicants understand the requested format. The sample prompts might parallel Community Reinvestment Act "buckets" (e.g. affordable housing, community services targeting low- and moderate-income individuals, economic development, revitalize or stabilize an low- and moderate-income geographies, etc.) or other community development themes (e.g. narrowing the racial wealth gap).</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
94	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	<p>We recommend Questions PM 12 and PM 13 be replaced with a single question. For example:</p> <p>For each loan or product line that comprises 5% or more of loans originated in the last fiscal year, please provide the following information:</p> <ul style="list-style-type: none"> Type of product (single-family housing, multifamily housing, commercial real estate, etc.) (NOTE: AMIS should be tailored by CDFI business model (e.g. bank, credit union, loan fund, venture fund) with options that fit definitional categories established by the regulatory agencies or appropriate for the type of transaction (e.g. loans, investments, etc.).) What is the range of Annual Percentage Rates (APR) charged? What is the average term (in months)? 	The CDFI Fund has eliminated the referenced questions and significantly streamlined the Community Development Strategy data to be collected via this ICR.

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						<ul style="list-style-type: none"> • How are fees calculated? (Multiple choice) • What type of collateral is required? • Do you have ability to tailor your product to borrower needs? Yes/No; describe how. • How does the product align with the goals or objectives discussed in PM 09? 	
95	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	<p>We recommend replacing Questions PM 14 through PM 16 with a single question that might read:</p> <p>For the top five financial services offered by number of accounts open, the Applicant should answer the following questions:</p> <ul style="list-style-type: none"> • What is the name of the service (savings accounts, checking accounts, checkless checking/debit only checking, money market, certificate of deposit, etc.)? • What are the minimum balance requirements? • What fees are charged? How are they calculated? 	The CDFI Fund has eliminated the referenced questions and significantly streamlined the Community Development Strategy data to be collected via this ICR.
96	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	<p>CDBA recommends that proposed Questions PM 17 through PM 22 be replaced with the Consumer and Small Business Protection Standards and Attestation discussed above.</p> <p>The CFPB and bank and credit union regulatory agencies have a wealth of experience developing standards to protect customers from potentially harmful practices. We strongly encourage the CDFI staff to confer with these agencies in developing Consumer and Small Business Protection Standards and utilize the existing Federal standards already in place.</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
97	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	<p>For illustration, we include the following potentially “disqualifying practices” and their corresponding regulation or compliance standards. In the case of depository CDFIs, existing Federal policies already address the issues raised in proposed Questions PM 17 through PM 22. Thus, depository CDFIs should be exempt from these questions as there is already a robust system in place to ensure compliance. In the case of non-depository CDFIs, these regulations can serve as a guide for the Consumer and Small Business Protection Standards and Attestation discussed above.</p> <p>Potentially Disqualifying Activity Bank Regulatory Coverage Bank Regulatory Summary Making consumer and/or commercial loans that cannot be repaid, triggering a potential debt spiral for the borrower. OCC/FDIC/FRB - Safety and Soundness and Compliance Examinations² Safety and Soundness exams consider numerous aspects of the credit portfolio to determine whether the financial analysis of borrowers is adequate, the financing needs and repayment capacity are sufficient, the prospects for security, and</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.

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						<p>portfolio management practices taken in response to borrower needs or delinquencies.</p> <p>The lender is inflexible in its accommodation of distressed borrowers. Truth In Lending Act/Real Estate Settlement Procedures Act (TILA/RESPA)³ These rules dictate what information lenders need to provide to borrowers and when they must provide it. They also regulate what fees lenders can charge and how these fees can change.</p> <p>Applicant's debt collection practices are aggressive, or avail of aggressive third parties. Unfair, Deceptive, and Abusive Acts and Practices</p> <p>Act (UDAAP)⁴ A financial institution's practices in collecting debt are reviewed during a Compliance Examination for compliance with the requirements of UDAAP, which prohibits harassment of borrowers.</p> <p>The applicant contributes to the exclusion of borrowers from main stream finance by not reporting potentially favorable activity to credit agencies. Reporting loan performance to credit bureaus is standard practice among CDFI banks. Proper reporting of credit activity is required under the Equal Credit Opportunity Act (ECOA) and the Fair Credit Reporting Act (FCRA). A CDFI Bank's compliance with these requirements is assessed during Compliance Examinations by its Federal regulatory agency.</p> <p>Lender offers an overdraft or other forms of small dollar loan products that harm consumers.</p> <p>OCC/FDIC/FRB Small Dollar Loan Guidance: "Interagency Lending Principles for Offering Responsible Small-Dollar Loans"</p> <p>The interagency lending principles specify the positive characteristics of a successful small dollar lending program, specifically loan structures, pricing, underwriting, marketing and disclosures, and servicing and safeguards</p>	
98	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	<p>CDBA has concerns about adopting the Military Annual Percentage Rate (MAPR) as a strictly applied disqualifying standard as proposed.</p> <p>All depository CDFIs are already subject to calculation of Annual Percentage Rates (APRs) for consumer and business loans in compliance with the Truth in Lending Act (TILA). APRs incorporate interest rates, origination fees, and other processing fees. TILA accomplishes the same objective as MAPR of ensuring transparency in pricing. Very few CDFIs engage in lending covered under the Military Lending Act (MLA). Thus, it is an inappropriate standard to apply to all CDFI lending. Requiring regulated CDFIs to comply with two competing regulations (TILA and MLA) will be very expensive. Regulated CDFIs will need to amend all consumer financing</p>	<p>The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.</p>

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						disclosures, the methodology underpinning them, and make expensive programming changes to their core systems. Instead of MAPR, we recommend all CDFIs use the widely accepted TILA standards for calculating APRs.	
99	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	Context is important in assessing whether a product is appropriate or harmful to customers. If a CDFI reports product pricing in excess of the 36% APR, the CDFI Fund should investigate to gain a better understanding of the product, its context, and impact on customers. A strict application of any standard can have unintended consequences. For example, very small loans with modest fees can trigger a 36% APR. We are certain that the CDFI Fund does not wish to prevent CDFIs from offering microenterprise loans or small consumer loans, yet this is a potential outcome if context is not considered. As another example, many depository CDFIs offer credit card products. Depending on the design of the product or how a customer uses the card, it can trigger a 36% APR. For example, if a customer uses a credit card for a cash advance — rather than their debit card — it can easily trigger a rate approaching 36%. Most consumers and small businesses find credit cards a useful and safe way to make purchases. Thus, the CDFI Fund should not bar depository CDFIs from offering credit cards; rather, the CDFI Fund should continuously gather information about products available and assess context in determining whether a product is aligned with market standards and/or will have disproportionately negative impact.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
100	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	CDBA strongly urges the CDFI Fund to clarify that PM 23 and PM 24 are not applicable to loans or investment vehicles using the Low Income Housing Tax Credit (LIHTC), New Markets Tax Credit (NMTC) and any other tax credit programs.	The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.
101	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	We recommend questions PM 25 through PM 29 be deleted. The need for these questions is obviated by the recommended replacement for PM 14 through PM 16.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
102	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	CDBA urges the CDFI Fund to be cognizant of how its certification standards may interact with other Federal regulations. For example, the CFPB exempts CDFIs engaged in mortgage lending from the Ability to Repay (ATR) rule. The CFPB provided this exemption to give CDFIs flexibility to design mortgage products suited to the needs of low wealth households. Thus, any application of APR rules needs to recognize this exemption.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
103	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	TREATMENT OF AFFILIATES: We agree with the CDFI Coalition that the CDFI Fund should consider the size or percentage of Financial Products and Financial Services of an Affiliate	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while

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						relative to the CDFI Certification Applicant (i.e. balance sheet, number of employees, and percent of overall lending). Many CDFIs have Affiliates that provide specialized financing and services that may not necessarily specifically target low-income people and places, but are not otherwise contrary to the Primary Mission Test (e.g. predatory). Some of these Affiliates may also represent only a very small part of the parent company's operations. Affiliates that reflect a small percentage (perhaps less than 10 percent) of their parent entity's annual Financial Product and/or Financial Service activity (as measured by volume of activity or commitment of staff resources), but that do not exhibit any predatory behavior, should be exempt from the Primary Mission requirements.	establishing final certification policies.
104	CDBA	Jeannine Jacokes		11/5/2020	Financing Entity	CDBA agrees with the requirement that an applicant must be established as a Financing Entity for a minimum of 12 months prior to the submission of a new CDFI Certification Application. With regard to non-depository CDFIs, CDBA will defer to the recommendations of trade associations whose membership principally consists of such entities on the appropriate Financing Entity standards.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
105	CDBA	Jeannine Jacokes		11/5/2020	Target Market	<p>CDBA welcomes the proposed change giving depository CDFIs a new Target Market option of directing at least 60% of Financial Services (depository accounts) and 50% of Financial Products to a Target Market.</p> <p>CDBA urges refinement of the threshold for Financial Services. The proposed threshold for Financial Services is "number of accounts" only. A better metric is the "number of unique account holders," and we urge certain deposits to be excluded from the calculation. CDFI banks provide Financial Products in low-income communities where deposit balances are typically modest. To support lending in low-income communities, CDFI banks actively cultivate deposits from socially motivated individuals and institutions who, though often located outside of our Target Markets, nonetheless embrace our missions. These socially-motivated deposit accounts are heavily weighted with customers with higher incomes and higher account balances. Such "imported" deposits do not reflect our Target Markets but are nonetheless critically important to our ability to serve our Target Markets. Any new Target Market threshold for deposit accounts needs to recognize, carve out, and support the important role of socially motivated depositors.</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
106	CDBA	Jeannine Jacokes		11/5/2020	Target Market	CDBA welcomes the change to the Target Market Test whereby compliance is assessed based on a three-year average (through the last day of the most recently completed fiscal year) of Financial Products and Financial Services (if elected) provided for currently certified CDFIs. Ebbs and	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						<p>flows in demand make a three-year average more representative of an organization's commitment to its Target Market than the current standard.</p> <p>CDBA is very concerned about allowing a lower standard for new certifications. As proposed, new certifications will be based on activity over only a 12-month period. All CDFIs should be required to comply with the same three-year average standard. CDBA recognizes that start-up organizations will have difficulty meeting a three-year standard. As a compromise, we propose that start-up organizations be granted "provisional CDFI status" that is clearly listed on the CDFI certification list. Such entities should be limited to apply only to the CDFI Program's Small and Emerging CDFI or Technical Assistance programs. Once an organization has demonstrated satisfactory performance over a three-year period, the "provisional" designation can be transitioned into a standard, non-provisional status.</p>	
107	CDBA	Jeannine Jacokes		11/5/2020	Primary Mission	That said, we share the concern of industry colleagues that the certification process should not conflate two related, but distinct, requirements. The first is the CDFI Fund's policy of requiring CDFI Certification Applicants to demonstrate that their community development mission has been in place for at least 12 months. We agree with this policy. The second is the suggestion in question PM 08 that appears to explicitly require a 12-month waiting period between adoption of formal board-approved documentation and submission of the CDFI Certification Application. We do not support a formal waiting period to follow the adoption of formal documentation, particularly as applied to banks and other regulated institutions. While formal documentation is an appropriate requirement, another subsequent waiting period is not, so long as the Applicant can meet the further requirements for Certification.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
108	CDBA	Jeannine Jacokes		11/5/2020	Target Market	CDBA strongly supports the proposed changes to the designation of Investment Areas. We support eliminating geographic boundaries and mapping requirements for Target Markets. This change will enable CDFIs to be more responsive to shifts in demand from eligible Target Markets.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
109	CDBA	Jeannine Jacokes		11/5/2020	Target Market	CDBA appreciates the CDFI Fund's allowing CDFIs to create Customized Investment Areas (CIAs) that consist of both qualified and non-qualified census tracts. We urge, however, the CDFI Fund to refine its approach to the CIAs. Specifically, the CIA loses its utility for CDFIs by counting only the Financial Products and/or Financial Services within the boundaries of the mix of census tracts that comprise the CIA. Part of the problem lies in the fact that census tract data may not accurately portray economic distress. Census tract qualification is based on data from a distinct point in time	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						<p>that is only updated every five years. Further, most CDFI banks and credit unions rely on branches to conduct their business. The challenge is more acute for banks — per the Community Reinvestment Act, they are also obliged to demonstrate a proportionate level of low- and moderate-income-directed activity in the communities served by those branches.</p> <p>These business realities may create conflicts when CIA qualifying activity is narrowly focused on census tract, while economic distress is not consistent across a census tract and is not bound by census tract delineations. CDBA agrees with CDFI industry colleagues' findings that lending in non-qualified tracts is frequently located in tracts that are contiguous with qualified tracts.</p> <p>Lending nearby, but not within, a qualified tract may be just as beneficial to that tract.</p>	
110	CDBA	Jeannine Jacokes		11/5/2020	Target Market	<p>CDBA is concerned about new language included on page 55 of the proposed questionnaire that specifically includes "non-Metro counties" as one of the mix of geographic units to establish a CIA but appears (by omission) to exclude Metropolitan Counties. This proposed change therefore appears to prohibit Metro Counties. This provision risks excluding depository CDFIs in Metro Counties from an otherwise potentially valuable update to the certification standards. In addition, as is well documented, the designation of Metropolitan and non-Metropolitan counties is highly problematic given that counties in small states are very large and encompass geographies very far from urban places.</p>	<p>By longstanding regulation, "geographic units in Metropolitan Areas that are used to comprise an Investment Area shall be limited to census tracts, and Indian Reservations."</p>
111	CDBA	Jeannine Jacokes		11/5/2020	Target Market	<p>CDBA strongly opposes increasing the Target Market test above a 60% minimum level. The CIA section, unfortunately, creates higher targeting requirements of 85% within CIAs. If the intention of these requirements are not to force CDFIs even more tightly into arbitrary and shifting borders, we urge the CDFI Fund to eliminate the requirement and subject the assumptions underlying the requirement to further review and refinement to clarify its intent.</p> <p>Generally, mission is core to a CDFI's purpose and most CDFIs exceed the 60% threshold — in fact, most do so by a significant margin. Yet, CDFIs also need to be responsive to market demand, earn sufficient returns to cover operations, and build equity that is ultimately deployed into the community. Not every loan a CDFI originates or customer they serve will (or should be expected to) meet the Target Market qualifications, and additional 85% thresholds remove that flexibility.</p> <p>CDFI industry colleagues have received conflicting</p>	<p>This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.</p>

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						<p>information during conversations with CDFI Fund staff around two instances that mention an 85% minimum within CIAs. The first is the requirement that a CIA be validated based on "More than 85% of the population [being] in qualified [contiguous] geographic units." The second is the new requirement that a CDFI operating within a CIA "direct at least 85% of [its] financing activity within individually qualified census tracts." These changes, based on possible interpretations, make it especially difficult for CDFI banks serving urban geographies to design and operate within a CIA.</p> <p>To substantiate this assertion, CDBA requests that the CDFI Fund refer specifically to analysis conducted by FUND Consulting, which identifies a percentage of their clients with CIAs who will not be able to meet the new 85% criteria. FUND Consulting's work with a range of clients finds that CDFIs currently certified using CIAs take an appropriately holistic view of serving the broader community that includes many economically distressed tracts that may not be captured through current tract level IA qualification data. Ideally, all lending and investing within a CIA should count toward Target Market lending.</p>	
112	CDBA	Jeannine Jacokes		11/5/2020	Target Market	<p>CDBA agrees with the CDFI Coalition's recommendation to clarify the LITP definition. Specifically, the CDFI Fund should recognize the validity of end users to qualify for a Low Income Target Population (LITP). CDDBA strongly urges the CDFI Fund to work with CDFI practitioners to develop methodologies and proxies for service to LITPs. While some CDFIs provide direct "retail" loans to LITPs and can collect annual income data as part of a loan application process, many CDFIs do not engage in direct lending. A large portion of highly impactful CDFIs are focused on creating benefits that improve the economic stability and mobility of LITPs but do not make loans directly to LITPs. For example, many CDFIs make loans to finance affordable housing, educational facilities, childcare centers, health care clinics, social service organizations, and other institutions that predominantly serve LITPs. In these circumstances, CDFIs currently use income proxies, such as number of students that qualify for free and reduced lunch, number of patients utilizing Medicaid to pay for medical services, and household income restrictions associated within subsidized affordable housing programs. Some CDFIs provide small business financing that create jobs for LITPs. Many have adopted alternative methodologies for capturing or estimating impact. We strongly recommend that a list of approved methodologies and proxies should be published prior to implementation of a new application to give CDFIs time (if needed) to amend their</p>	<p>This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.</p>

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113	CDBA	Jeannine Jacokes		11/5/2020	Target Market	<p>data collection processes.</p> <p>As technology is rapidly changing how financial products and services are delivered using online and mobile channels, CDDBA urges the CDFI Fund to work with practitioners to develop additional alternative sets of proxies or methodologies for measuring financial inclusion and service to low income, unbanked, underbanked, and other vulnerable populations in lieu of solely the current 80% of area median income methodology. Some CDFIs are interested in establishing a LITP using low- and moderate-income block groups but remain challenged by the requirement to collect customer information to ensure they meet the "80% or less of median family income" standard.</p> <p>In the 25 years since the CDFI Fund began certifying CDFIs, technology has sparked fundamental changes in the financial services landscape. Technology advances are expanding access to financial products among underserved customers, yet some of these offerings have been predatory and harmful. The CDFI Fund should encourage CDFIs to be innovative and use technology to offer products and services that are good for customers and communities. The CDFI Fund should explore creating a new category of "emerging products" that can count toward meeting the Target Market Test requirements if they promote financial inclusion under alternative sets of proxies or methodologies.</p> <p>The CFPB's Project Catalyst provides a framework for evaluating products and services that may be useful to the CDFI Fund. Interested CDFIs could apply to the CDFI Fund for an "emerging products" flexibility waiver for how the Target Market Test is applied. The CDFI Fund would review each product to ensure it is appropriately structured and not harmful to customers. Approved "emerging product" pilots should be granted flexibility to develop alternative proxies for collection of income data. Pilot participants should be required to report to the CDFI Fund on how the product meets the financial inclusion goals. Such Emerging Products would provide a path for CDFIs to have a blanket, temporary qualification for innovative, non-predatory products based on the nature of the product and their utility to less rigid Target Populations (such as Low Income Block Groups), rather than the geographic location.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
114	CDDBA	Jeannine Jacokes		11/5/2020	Target Market	<p>As noted, some CDFI banks have successfully targeted OTPs. With the exception of home mortgages under the Home Mortgage Disclosure Act (HMDA), ECOA imposes regulatory restrictions on collection of race and other demographic characteristics during the loan application process; this makes OTPs difficult to manage. Some banks have attempted</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						to ask borrowers to “self-identify” by race or other characteristics post-loan closing. Yet, these CDFIs have been discouraged when the CDFI Fund has required the bank to “verify” the borrowers’ self-identified demographic, which is an essentially impossible task. Such a request is insensitive to customers. It is particularly problematic for communities of color that are too often disrespected due to their race — yet their self-identification is not taken as fact by the CDFI Fund. We strongly recommend the CDFI Fund cease this practice. CDBA urges the CDFI Fund to accept borrowers’ post-closing self-identification in the Other Target Population process.	
115	CDBA	Jeannine Jacokes		11/5/2020	Target Market	CDBA suggests that one option with a successful precedent is conducting periodic, third party administered customer surveys. These have been successfully used by several CDFI banks in support of FA applications. The CDFI Fund can encourage this by providing guidance on best- practices or even a framework to conduct these surveys safely and to an appropriate standard of statistical reliability.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
116	CDBA	Jeannine Jacokes		11/5/2020	Target Market	CDBA believes that Question TM 03 (related to types of community development products needed within the Investment Area) is inappropriate, and we recommend deleting it from the certification application. As presented, the question is impossible for CDFIs to answer authoritatively and creates an unnecessary barrier to certification. While it is good business practice for any business to understand the dynamics of a market, it is not incumbent on CDFIs to demonstrate any level of supply-side analysis to the CDFI Fund. While this question may be appropriate in the context of a request for funding, if a CDFI is entering a new market, or establishing the need for introducing a new product, it is wholly inappropriate for establishing eligibility for certification.	This question reflects the statutory requirement that an Investment Area have "significant unmet needs for loans or equity investments."
117	CDBA	Jeannine Jacokes		11/5/2020	Accountability	CDBA recommends that the CDFI Fund take a flexible approach in applying the Accountability Test. CDFIs serve different types of Target Markets. In the coming years, as technological advances reshape the financial services sector, all CDFIs will be challenged to serve their customers in new ways. We anticipate the scope of a “community” — within the financial services sector — will likely expand beyond the geographic, demographic, and other boundaries that have traditionally defined community development. If the Accountability standards are too rigid, it may prevent CDFIs from adapting to market changes. CDBA is particularly concerned that the CDFI Fund’s Governing and Advisory Board Target Market Accountability Test proposal is too narrow and rigid for depository CDFIs. In determining the right balance of “Accountability” representatives, we believe the CDFI Fund should consider	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						<p>the context within which each CDFI operates. CDDBA is opposed to setting strict numeric Accountability standards for the composition of members of a CDFI bank's Governing Board (a.k.a. board of directors).</p> <p>The proposed requirements — which establish inflexible Governing Board minimums (20% governing board accountability) — create real problems for CDFI banks. To begin, a bank charter requires only a minimum of five directors.⁷ The proposed 20% Governing Board Accountability standard is simply set too high for CDFI banks.</p>	
118	CDDBA	Jeannine Jacokes		11/5/2020	Accountability	<p>FIDUCIARY OBLIGATIONS: The expertise and fiduciary requirements of bank directors are markedly different than those of nonprofit directors. Bank directors have specific legal and fiduciary obligations prescribed by the Federal banking regulators and can be personally liable for the actions of the bank. These obligations are a significant disincentive for a small business owner, neighborhood resident, nonprofit representative, or other community representatives to serve on a bank board. This circumstance has made it increasingly more difficult for banks to recruit qualified directors that meet CDFI Accountability requirements.</p>	<p>This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.</p>
119	CDDBA	Jeannine Jacokes		11/5/2020	Accountability	<p>OWNERSHIP & RELATED INDIVIDUALS: A complication to the Governing Board minimum is that the CDFI Fund currently does not allow individuals related to any bank employee — or a significant bank shareholder — to be counted toward meeting the Accountability Test. This prohibition is particularly problematic for the many rural, minority-owned and other small CDFI banks that are family owned. Thus, the board may be comprised of a significant number of related individuals and have no outside ownership. In these cases, the contribution of capital and expertise from these shareholders are the lifeblood of the institution as well as the community. Yet these individual members of the Governing Board cannot be used under CDFI rules to establish Accountability. To remedy this challenge, family owned banks have named Advisory Boards to achieve the independent Target Market Accountability required. In the case of rural CDFI banks, meeting the Accountability requirements may be a further challenge because the pool of qualified individuals is small; thus, limiting the number of qualified Governing Board members and making the strict minimum impractical to achieve without potentially compromising the bank's fiduciary obligations.</p>	<p>This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.</p>
120	CDDBA	Jeannine Jacokes		11/5/2020	Accountability	<p>SENIOR EXECUTIVES: Another technical challenge of the Accountability Test for Governing Boards is that the CDFI Fund currently does not allow a CDFI bank's CEO to be considered in the numerator when using a numeric</p>	<p>This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.</p>

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						percentage to the Governing Board Accountability Test. Yet, the CEO remains in the denominator. Regulators require a bank's CEO to be on the board. Thus, it is unfair to keep the CEO of a CDFI bank in the denominator, and this practice should be ceased.	
121	CDBA	Jeannine Jacokes		11/5/2020	Accountability	ADVISORY BOARDS: CDBA strongly urges the CDFI Fund to continue to allow Advisory Boards to meet the Accountability Test. Advisory Boards are valuable because they are flexible in their composition — in ways that boards of directors cannot be, given safety and soundness regulations. Advisory Boards offer key insights to the needs of markets and submarkets that may be beyond the purview of a bank director who fills a primarily fiduciary or regulatory compliance role. To ensure the views of the Advisory Boards are taken into consideration by the Governance Board, the CDFI Fund can require that at least one Governing Board member participate in the Advisory Board and/or minutes from Advisory Board meetings be shared with the Board of Directors. Alternatively, an Advisory Board can become a subcommittee of the Board. The Committee Charter can be written to ensure that significant matters are reported the full Governing Board. Governing Board representation on the Advisory Board will further ensure Accountability. At least one CDBA member has considered this option to increase NMTC Advisory Board Accountability. Currently two members of that bank's Governing Board sit on its Advisory Board, along with three low income community representatives.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
122	CDBA	Jeannine Jacokes		11/5/2020	Accountability	<p>GOVERNING BOARD APPOINTEES: CDBA is alarmed at the CDFI Fund's assertion in Question 17 of Published FAQs8 that:</p> <p>"An employee of a CDFI may still serve on the board of other CDFIs that do not have a Target Market of OTP-CDFI, but must meet the accountability test based on other accountability criteria."</p> <p>The FAQ further states: "A white employee of a certified CDFI would not meet the accountability test if serving on the board of another CDFI with a Target Market of OTP- Hispanic, even if the CDFI by which the board member is employed also has a Target Market of OTP-Hispanic".</p> <p>Taken together, these statements infer that the CDFI Fund intends to prohibit a CDFI employee appointed to the Governing Board of another CDFI toward meeting the Accountability Test.</p> <p>CDBA opposes such a prohibition. It is common practice for a CDFI's employees to sit on the Governing Boards of other</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						<p>CDFIs given their strong expertise and intimate experience providing financial products and services to Target Markets. CDFI employees are often the most strategic Governing Board members because they understand both the needs of the Target Market and how to balance it with the needs of the organization. Such a prohibition risks two potentially negative outcomes: first, individuals with attributes that would otherwise meet the Accountability Test intent are disqualified; second, turning down such qualified individuals hurts low-income communities that need committed and experienced problem solvers. Over the past several decades, as the CDFI industry has matured, this practice has proven to strengthen the CDFI industry, promote enhanced sharing of best practices, and enhanced Governing Board knowledge of how to serve Target Markets. To prohibit CDFI appointees from meeting the Accountability Test will be a set-back for the maturing industry. CDBA urges the CDFI Fund to reconsider such a policy as harmful to CDFIs and communities.</p>	
123	CDBA	Jeannine Jacokes		11/5/2020	Accountability	<p>CDBA shares FUND Consulting's concern that the proposed application emphasizes the qualification of census tracts when referencing accountable Board members' affiliations (page 71). One example is the option to identify Governing Board members accountable to an Investment Area through their affiliation with a third-party organization. Per the application, these Governing Board members must demonstrate that a majority of the third-party organization's activities are deployed among residents of qualified census tracts. However, the idea of tracking services in qualified census tracts is foreign to organizations that are not themselves CDFIs. It is therefore unlikely that any organization that is not itself a CDFI will be able to report whether activities are primarily being deployed among residents of qualified tracts. Moreover, it is not likely that third party organizations will be willing to share addresses of service recipients with an outside organization seeking this data for purposes of CDFI Certification. In this scenario, a CDFI might lose accountability for Governing Board members who hold senior positions at otherwise eligible community-based nonprofits that are unable to demonstrate their provision of services in this strict manner. This would be a grave loss.</p>	<p>This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.</p>
124	CDBA	Jeannine Jacokes		11/5/2020	Development Services	<p>In recent years, the CDFI Fund appears to have shifted its preferences in funding applications and certification to Development Services offered in the form of structured classroom style training. CDBA recommends that all Development Services — especially those that have proven to be critical to low- and moderate-income communities and that do not fit the CDFI Fund's proposed, strict parameters —</p>	<p>This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.</p>

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						<p>be valued equally.</p> <p>Most notably, we strongly believe the most important and effective Development Service that CDFIs offer is one-on-one technical assistance (TA), provided in conjunction with a product or other service. Yet, in the proposed application, the CDFI Fund eliminates this foundational element of Development Service from eligibility by defining a Development Service as “a formal stand-alone training, counseling, or technical assistance service . . . that the entity offers separately and distinctly from its other products/services” (emphasis added by CDBA). We believe this proposed change is in direct conflict with how CDFIs operate and with Congressional intent as articulated in authorizing hearings in 1993-1994.</p> <p>The nature, frequency, and amount of Development Services provided by a CDFI to its customers must be left to the discretion of each CDFI. Every customer is different, and CDFIs of all types are experts in recognizing and responding constructively to each customer’s individuality. Some customers require support from a CDFI — but others do not. Some customers require and respond to structured, repeated classroom TA — but most do not. The definition of Development Services should remain highly flexible. In cases where the delivery of services may require additional context to evaluate, CDBA and its members recommend that the CDFI Fund seek input from the CDFI bank’s Federal regulator on the institution’s record.</p> <p>Setting inflexible and onerous parameters for Development Services particularly harms the customers of depository CDFIs that offer a wide range of financial products and services. In fact, research — including recent work by Inclusiv and the Financial Health Network¹⁰ — challenges the effectiveness of stand-alone financial education and counseling and instead emphasizes the importance and positive impact of delivering key messages at “teachable moments.” Additionally, inflexible parameters harm every CDFI type that meets and services customers where they are, at their time of need. This necessarily includes loan funds and venture capital.</p>	
125	CDBA	Jeannine Jacokes		11/5/2020	Development Services	<p>1. “Demonstrate that [the CDFI] maintain[s] control over the content and delivery parameters of their Development Service(s).”</p> <p>a. This broad provision appears to implicitly prohibit CDFIs from receiving credit for delivering valuable and widely available financial literacy curricula, including, for example, the FDIC’s “Money Smart” financial literacy program or third-party technology solutions such as Banzai which provide</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						financial literacy education. These are common resources for CDFI bank customers precisely because they are effective, and are often integral to a CDFI bank's education platform, but because the CDFI does not "control the content," these services risk being excluded. Requiring CDFIs to "control the content" implies that all CDFIs, including small, resource-constrained organizations, should manage to create innumerable, individualized curricula. CDBA strongly urges the CDFI Fund to clarify that this language does not to prevent CDFIs from receiving credit for delivering content created by another entity.	
126	CDBA	Jeannine Jacokes		11/5/2020	Development Services	2. "Make at least one Development Service available on an ongoing basis at least four times per year." a. This provision creates unnecessary risk and tension, potentially forcing CDFIs to alter otherwise responsive, existing programs to fit an arbitrary format. For example, small, rural CDFIs may have found the local demand for formal Development Services only supports one, two, or three events per year. Under this provision, CDFIs will be compelled to fit a "round peg in a square hole." CDBA strongly urges the CDFI Fund not to require CDFIs to make formal Delivery Services available any minimum number of times, and certainly not "at least four times per year."	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
127	CDBA	Jeannine Jacokes		11/5/2020	Development Services	3. "Training, counseling, or technical assistance not clearly intended to prepare consumers to access and/or be successful with a Financial Product and/or Financial Service offered by the Applicant." a. This provision, like provision #1 (above), potentially prohibits CDFIs from delivering valuable and widely available curricula, including the FDIC's "Money Smart" financial literacy program, a commonly used resource for CDFI banks. Such curricula will be prohibited because the provision is broadly applicable to a number of products that may not be "offered by the Applicant," but which are often used in tandem or in a complementary capacity. For example, will the CDFI Fund really argue that loan funds should not deliver curricula that include information on savings accounts? CDBA strongly urges the CDFI Fund not to disqualify materials delivered by CDFIs that address products or services not offered by the applicant. Enacting this provision inhibits the flow of valuable information to many potential CDFI customers by unnecessarily restricting what information may be presented at any given time.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
128	CDBA	Jeannine Jacokes		11/5/2020	Development Services	2. "Information presented in newsletters, flyers, or online." a. During this period of national emergency caused by the COVID-19 pandemic, CDBA strongly urges the CDFI Fund not to exclude any services that allow CDFIs to safely serve their communities at a distance, especially through online delivery,	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						which has been deemed adequate for other essential services ranging from primary-level education to the CDFI Fund's own hearings.	
129	CDBA	Jeannine Jacokes		11/5/2020	Development Services	<p>3. "Workshops for children or conferences/workshops for broad audiences."</p> <p>a. Early childhood financial literacy is essential to establishing long-term positive behaviors in low- and moderate-income communities. Unfortunately, it has long been neglected in its most natural home — the elementary, middle and high school classrooms of America. This historic neglect has contributed to an environment of opportunity for predatory financial service providers — pawnshops, payday lenders, high-rate credit card banks and check cashers — some of the very threats that CDFIs work to neutralize. CDBA strongly urges the CDFI Fund not to contribute to the perpetuation of financial illiteracy by excluding workshops for children from qualifying for Development Services.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
130	CDBA	Jeannine Jacokes		11/5/2020	Development Services	<p>4. "Presentations made at one-off events (like annual fairs), or at regular events held by other entities."</p> <p>a. Every contact that a CDFI makes with a potential customer is valuable to a low- and moderate-income community. Presentations made at fairs, such as health fairs, are opportunities for CDFI professionals to present valuable, if quickly digested content, that is otherwise unavailable in the physical environments of low- and moderate-income communities dominated by predatory providers such as storefront pawn shops, check cashers, and payday lenders, as well as a media environment which is exclusively the realm of large providers, mainstream or otherwise. Local fairs are opportunities for CDFI banks to deliver brief presentations on the value of safe and accessible bank products to low- and moderate-income communities whose members might be otherwise unaware of both the product and the CDFI. CDBA strongly urges the CDFI Fund not to exclude appropriately themed presentations made at one-off events (like community health fairs) from qualifying.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
131	CDBA	Jeannine Jacokes		11/5/2020	Development Services	<p>"Non-structured conversations with consumers on Development Services subject matter."</p> <p>a. It is unclear what constitutes a "non-structured conversation." However, "informal" conversations that provide timely, dispassionate advice are the core of a CDFI's relationship with its customers. Examples of these critical moments include explaining the benefits of a no-minimum balance checking account, outlining the relative costs and advantages of a longer loan term, or encouraging a customer to deposit a portion of a tax refund into a savings account. CDBA strongly urges the CDFI Fund not to invalidate the innumerable hours</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						of mentorship shared during appropriately themed, non-structured conversations by excluding them from qualifying as Development Services.	
132	CDBA	Jeannine Jacokes		11/5/2020	Development Services	The expansion of technology-driven products and services further complicates the question of what type of Development Services a customer needs or wants and how much and how often the customer uses those services. We encourage the CDFI Fund to allow CDFIs the flexibility to offer Development Services in the form most appropriate to each customer. Mandating how and when CDFIs provide Development Services as a condition for certification will: (1) unnecessarily increase the costs of delivering community development services and products; (2) put the CDFI Fund in the position of micromanaging how CDFIs serve their customers; and (3) remove the flexibility needed to tailor services to each customer. Such unnecessary, burdensome, and inflexible provisions will harm the customers living in the low- and moderate- income communities that CDFIs are dedicated to serve.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
133	CDBA	Jeannine Jacokes		11/5/2020	Native CDFI Designation	<p>In previous comments, CDBA has recommended that no changes be made to the CDFI Fund's current policies allowing Native CDFIs to self-designate. We strongly urge the CDFI Fund not to implement changes to board representation and activity thresholds. The CDFI Fund has proposed changes, adding Governing and Advisory Board representation requirements and activity thresholds, and has modified the definition of Native Communities.</p> <p>By their nature, the two proposed options add reporting requirements and complexity to a process that already has more than its fair share. While we urge the CDFI Fund to adopt neither option, Option 1, "Governing Board Only" poses less of a burden than Option 2, "Advisory and Governing Board." Further, Option 2 is entirely untenable for Native CDFI banks.</p> <p>Regarding Option 1, CDBA members note that most Native CDFIs are based in their local Native communities. Therefore, some CDBA members believe the burden posed by meeting the proposed Governing Board requirements should be manageable. However, the fact remains that Native reserved lands are vastly under-resourced, and individuals seeking opportunity must often do so away from Native reserved lands. This reduces the pool of eligible Governing Board members who can meet the Accountability standard based on geography. CDBA urges the CDFI Fund to emphasize that individuals' "membership" in a Native Community is in every way adequate and coequal to "residency" (geography) to</p>	The CDFI Fund believes that ensuring Native representation on a CDFI's governing and/or advisory board is an appropriate condition of the Native CDFI designation and is not unduly burdensome.

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						<p>meet the Governing Board threshold.</p> <p>Regarding Option 2, the cascading thresholds for qualification may pose a serious threat to the CDFI status of some Native CDFI banks. As proposed, this option risks reducing crucial capacity-building support in the name of Accountability. The inflexible qualifications this option requires defy both the needs of, and the resources available to, Native communities. Native CDFI bank Advisory Board members often bring diverse skills, experiences, and contacts into these resource-starved communities. In many cases, these individuals are financial supporters of the Native CDFI. These Advisory Board members are also often not members of Native communities. These individuals are nevertheless extraordinary supporters who embrace the mission aspect of the CDFI. As such, part of the value these individuals provide is in directing resources into the Native community from other communities with more resources. The accountability of these individuals is evident in their support for the mission, and their participation on the Advisory Board is, in any case, subject to the discretion of management and the Governing Board. CDBA urges the CDFI Fund to continue to allow Native CDFI banks to set their own priorities and recruit Advisory Board members from any community without regard to Native Community residency or Native Community membership.</p>	
134	CDBA	Jeannine Jacokes		11/5/2020	Native CDFI Designation	<p>In regards to the proposed percentage of activity that must be directed to Native Communities, CDDBA agrees that directing at least 50% of Financial Products by dollar and number to Native Communities is a realistic threshold. However, CDDBA urges the CDFI Fund to consider our recommendation in Section 5, "Target Market Test," that a more appropriate measure for Financial Services is "number of unique account holders," and to reconsider the threshold based on a CDFI bank market review subsequent to the submission of these comments.</p> <p>Given the immense disparity in economic resources in Native Communities, the number of individual accounts may introduce a bias towards higher income and more affluent customers; it does not reflect success in providing services to lower income, less affluent customers. For the latter customer, one account may itself be a sign of success and a signal that a major hurdle has been overcome on the path to financial inclusion and stability. Native CDFI banks provide Financial Products in their communities by bringing deposits (in the form of Financial Services) from, quite literally, anywhere they can be sourced. A Financial Services threshold based on dollars and/or number of individual accounts risks severing resource-starved Native communities from essential</p>	<p>The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.</p>

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						funding sources which take the form of accounts sourced from higher income/higher asset communities.	
135	CDBA	Jeannine Jacokes		11/5/2020	Native CDFI Designation	CDBA does not propose any changes to the definition of Native Communities.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
136	CDFI Coalition	John Holdsclaw		11/5/2020	General	The Coalition recommends that the CDFI Fund grandfather in existing certified CDFIs after the CDFI Certification application is finalized and allow a grace period of at least 18 months for organizations to make any changes necessary to maintain their certification.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
137	CDFI Coalition	John Holdsclaw		11/5/2020	Primary Mission	A CDFI Certification Applicant or Affiliate with a mission to support underserved markets through approved federal government loan programs should be deemed to satisfy the Documenting Mission and Community Development Strategy test. It is unclear from the proposed CDFI Certification guidance if a CDFI Certification applicant or its Affiliate would meet the proposed Documenting Mission or Community Development Strategy components of the Primary Mission test if they were created solely for the purpose of serving underserved borrowers who can't receive credit elsewhere. CDFI Certification Applicants or Affiliates that are required by federal statute to provide financial products and services to underserved borrowers should automatically meet the Documenting Mission and Community Development Strategy sections of the Primary Mission test. For instance, SBA 7a and Microlenders are required to document that their loans went to businesses that couldn't otherwise access the capital, and are typically eligible for Community Reinvestment Act credit. The Coalition believes that other federal program requirements should serve as a sufficient proxy for meeting the Documenting Mission and Community Development Strategy sections of the Primary Mission test.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
138	CDFI Coalition	John Holdsclaw		11/5/2020	Primary Mission	<p>The flip side of that equation is that the CDFI Fund should recognize fair lending violations or other sanctions handed down by other regulatory authorities. Organizations that have a history of regulatory sanctions, predatory practices, or recent unsatisfactory ratings on Community Reinvestment Act exams, should be considered ineligible for CDFI certification.</p> <p>We agree with CDBA's recommendation that the CDFI Fund's certification process should allow the agency to consider external sources of information about the products and practices of an entity seeking certification or re-certification. For example, such sources may include consumer complaints filed with the Consumer Financial Protection Bureau, a local Better Business Bureau, or state, local and Federal authorities, lawsuits or judgements against the lender, news</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						media reports, and negative reports posted on social media. As part of its certification process, the CDFI Fund should have the authority to request and review all consumer facing product information (i.e. websites, brochures, loan agreements, pricing and fee calculations) as are presented to prospective and actual customers.	
139	CDFI Coalition	John Holdsclaw		11/5/2020	Primary Mission	<p>The CDFI Fund should consider the size or percentage of Financial Products and Financial Services of an Affiliate relative to the CDFI Certification Applicant (i.e., balance sheet, number of employees, percent of overall lending) such that an Applicant would not be found ineligible on the activities of a relatively small Affiliate. Many CDFIs have Affiliates that provide specialized financing and services that may not necessarily specifically target low-income people and places, but may also only represent a very small part of the parent company's operations. Often, these Affiliates are created from their parent entity for legal and financial reasons.</p> <p>The Coalition recommends that Affiliates that reflect a small portion of a CDFI Certification applicant's overall Financial Product and/or Financial Services activity should not hinder the ability of the applicant from becoming or remaining certified. The Coalition supports LISC's recommendation that the CDFI Fund exempt Affiliates that reflect less than 10 percent of their parent entity's annual Financial Product and/or Financial Service activity (as measured by volume of activity or commitment of staff resources) from the Primary Mission requirements.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
140	CDFI Coalition	John Holdsclaw		11/5/2020	Primary Mission	The CDFI Fund should exempt Affiliates of nonprofit CDFIs that distribute their profits to the CDFI Certification Applicant, as long as they can meet all facets of the Primary Mission test. Some CDFI Affiliates are structured so that any annual profits are distributed to the parent entity to further their CDFI and community development mission. The CDFI Fund should exempt such Affiliates from the Primary Mission test since these entities further the capacity of the CDFI Certification applicant. These affiliates often help ensure the financial sustainability of the CDFI.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
141	CDFI Coalition	John Holdsclaw		11/5/2020	Primary Mission	<ul style="list-style-type: none"> Allow flexibility for the diverse needs of underserved communities: The Coalition agrees with the comments from OFN that many of the options in the application questions assume incorrectly that there are standardized product and pricing definitions and standards in use within the CDFI or the financial services sector (i.e. "below market rate," "lower than standard," "nontraditional," "less established," "lower profitability," "mainstream underwriting criteria" among others). All the options force lenders to make blanket statements about products that may or may not be asserted 	The CDFI Fund has eliminated the referenced question and significantly streamlined the Community Development Strategy data to be collected via this ICR.

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						<p>uniformly across products and borrowers.</p> <p>CDFIs offer different products and development services to reach their Target Markets. The rates and fees charged to borrowers are reflective of the borrower's risk profile, market conditions, and the cost of capital to the CDFI. It is not always feasible to offer products at below market rate or other subordinate financing mechanisms. Further, loans made at market rates can still have a positive community development impact, especially for borrowers that cannot access mainstream finance OR borrowers that would potentially seek high-cost, predatory financing options.</p>	
142	CDFI Coalition	John Holdsclaw		11/5/2020	Development Services	<p>In addition, as outlined in the CDBA recommendations, the Coalition believes that the nature, frequency, and amount of development services provided by a CDFI to its customers must be left to the discretion of each CDFI. Every customer is different, and CDFIs of all types are experts in recognizing and responding constructively to that individuality.</p> <p>For example, CDBA notes that the requirement that CDFIs "Demonstrate that (the CDFI) maintain control over the content and delivery parameters of their Development Service(s)" would prohibit CDFIs from receiving credit for delivering valuable and widely available financial literacy curricula. Requiring CDFIs to "control the content" implies that all CDFIs, including small, resource-constrained organizations, should manage to create innumerable, individualized curricula. The Coalition recommends that the CDFI Fund clarify that this language would not prevent CDFIs from receiving credit for delivering content created by another entity.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
143	CDFI Coalition	John Holdsclaw		11/5/2020	Primary Mission	<ul style="list-style-type: none"> With more than 1,100 CDFIs in all 50 states, simply evaluating an Applicant's board-approved organizational documents or a narrative statement will not always be sufficient to ensure that an organization is practicing responsible lending and providing fair Financial Products. The Coalition recommends the CDFI Fund set clear standards for and create broad authority to deny or decertify entities that do not meet the letter or spirit of the CDFI mission. The strategies for accomplishing this would require a multi-prong approach based on CDFI business model type and lending products. This approach should be created with the input of the CDFI industry. 	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
144	CDFI Coalition	John Holdsclaw		11/5/2020	Primary Mission	<ul style="list-style-type: none"> Set the following baseline standards for mortgage products: The Coalition supports Self-Help's recommendation that for any home mortgages offered, product protections consistent with the qualified mortgage (QM) statutory protections: (a) no negative amortization, interest-only payments, or balloon payments; (b) adjustable rate mortgages underwritten at the 	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						maximum rate in the first five years; (c) maximum term of 30 years; and 4) total points and fees generally not exceeding three percent of the loan amount. These product protections will help ensure responsible mortgage lending while allowing innovation in underwriting that may benefit communities CDFIs serve.	
145	CDFI Coalition	John Holdsclaw		11/5/2020	Primary Mission	<p>• Reconsider the use of the Military Lending Act standards: The Coalition recommends allowing CDFIs to report using their existing APR calculations. We concur with OFN's comments that using the Military Lending Act (MLA) standard to calculate annual percentage rate (APR) would allow for standardized calculation across the industry, but requiring CDFIs to report APR using the MLA methodology adds yet another layer of complexity to the existing web of reporting requirements. CDFIs would either have to choose to switch to the MAPR calculation for their lending to ease the CDFI Fund compliance burden, which would require amending their financing disclosures as well as the methodology underpinning them. Or they create an entirely separate system to make the MAPR calculation specifically for the CDFI Fund, which would also be costly and burdensome.</p> <p>As states provide greater oversight to consumer lending, CDFIs are already making multiple calculations of interest rates using different formulas: CDFIs engaged in small business lending in California are now required to make APR calculations under a formula in Regulation Z. A pending small business lending disclosure bill in New York would use another calculation of APR. A bill introduced in Congress by House Small Business Committee Chairwoman Nydia Velazquez (D-NY) would calculate APR using, yet again, a different formula.</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
146	CDFI Coalition	John Holdsclaw		11/5/2020	Primary Mission	<p>CDFIs should be required to lend based on the borrower's ability-to-repay. We were pleased to see the Fund's advisement that loans should be made based on the borrower's ability-to-repay. We agree with the following comments submitted by Self-Help that lending be based on a borrower's ability to repay - while meeting other expenses, without needing to refinance/re-borrow, and without relying on collateral - is a fundamental tenet of responsible lending. Thus, a meaningful ability-to-repay determination considers both the borrower's income and expenses. Responsible underwriting is especially important when, like most online loans today, a lender has access to the borrower's checking account and can repay itself automatically out of the account before a borrower can pay other essential expenses.</p> <p>Payment-to-income (PTI) ratios cannot substitute for underwriting. We also concur with Self- Help that the Fund</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						should also monitor default rates, which may signal unaffordability. But low default rates alone do not mean borrowers have the ability-to-repay. Refinances mask unaffordability. And when a lender has a repayment mechanism, like electronic access to the account, the lender will often collect payment even when the borrower cannot afford the loan. Thus, review of default rates does not substitute for an upfront ability-to-repay determination.	
147	CDFI Coalition	John Holdsclaw		11/5/2020	Primary Mission	<ul style="list-style-type: none"> Allow business development as a community development objective: Many CDFIs have a mission to support communities through incubators, small business development and entrepreneurship. 	The CDFI Fund has modified this question to include additional recommended options. Applicants also have the option to select "Other."
148	CDFI Coalition	John Holdsclaw		11/5/2020	Primary Mission	<ul style="list-style-type: none"> Job creation and the creation of quality jobs: The community development objectives should include job creation. Quality jobs could be defined using recent research by the Federal Reserve. 	The CDFI Fund has modified this question to include additional recommended options. Applicants also have the option to select "Other."
149	CDFI Coalition	John Holdsclaw		11/5/2020	Primary Mission	<ul style="list-style-type: none"> Addressing the racial wealth gap: The CDFI Fund should also consider activities undertaken to close the racial wealth gap as a community development objective. 	The CDFI Fund has modified this question to include additional recommended options. Applicants also have the option to select "Other."
150	CDFI Coalition	John Holdsclaw		11/5/2020	Financing Entity	<ul style="list-style-type: none"> Allow CDFIs to adapt to the needs of communities during an economic downturn. The Coalition believes flexibility is needed during periods of economic instability. Many CDFIs often scale their grant making activity during periods of crisis, which can cause an applicant to fail the Financing Entity test for one year even if they have always met it historically. Meeting the needs of underserved communities is more critical than ever during an economic downturn. The CDFI Fund should adopt policies to ensure CDFIs are not punished for doing so. <p>One way of achieving this would be to allow currently certified CDFIs to meet a three- year average for the predominance test if an Applicant fails it during any given year. This is allowed for currently certified CDFIs in the Target Market test and would allow CDFIs to be responsive during periods of crisis without jeopardizing their certification status.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
151	CDFI Coalition	John Holdsclaw		11/5/2020	Target Market	The Coalition strongly supports the CDFI Fund's proposal to eliminate geographic restrictions on most Target Markets. Current practice requires that CDFI Certification applicants delineate boundaries for their Target Markets, which can result in CDFIs not receiving credit for activities outside of these places, which would otherwise be eligible. The current practice can inhibit CDFI financing for underserved people and communities due to administrative concerns on whether it will satisfy CDFI Certification and CDFI Fund award compliance requirements, which often mandate a certain percentage of activity in a CDFI's certified Target Market. This commonsense change will lower administrative burden for	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						CDFIs and has the potential to increase impact.	
152	CDFI Coalition	John Holdsclaw		11/5/2020	Target Market	<ul style="list-style-type: none"> Clarify the LITP definition with regard to end users: Some CDFIs verify their targeting of LITPs by documenting the benefits to the end user, rather than the income of the borrower. This is allowed in the regulation and can include affordable housing tenants, low-income users of community facilities, and low-income workers; however, the processes for verifying and documenting these end users (including the use of federal proxies such as Supplemental Nutrition Assistance Program, or SNAP, eligibility) has never been defined by the Fund, and the practice has not been explicitly permitted. The CDFI Fund should recognize the validity of end users to qualify for LITP. For example, a childcare facility that serves low-income children whose families qualify for SNAP. 	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
153	CDFI Coalition	John Holdsclaw		11/5/2020	Target Market	<ul style="list-style-type: none"> LITP Census Block Group geocoding: While we realize this is an optional method, and believe it is intended to provide more flexibility, we are concerned that the geocoding tool has not yet been built. We look forward to seeing the tool. 	The CDFI Fund has published separately a Request for Comment on Target Market assessment methodologies that includes a description of a potential geographic proxy for identifying members of a Low Income Targeted Population, and has posted a list of potentially qualifying census block groups on its website. Comments on the use of a proxy and the methodology will be reviewed before such a tool is made available if determined appropriate.
154	CDFI Coalition	John Holdsclaw		11/5/2020	Target Market	<ul style="list-style-type: none"> Reconsider requiring that Target Market goals must be achieved by both dollar volume and number. The Coalition urges the CDFI Fund to continue its consideration reasonable explanations when a CDFI meets one metric but not the other. For example, a Microlender makes many small dollar loans in their LITP Target Market. However, the Microlender also made a few larger loans outside that Target Market to support Black business owners impacted by the pandemic. Due to the size of the loans, which were outside their Target Market, the Microlender may fall below the percentage on dollar volume, even though they exceed the percentage on loan numbers and Black entrepreneurs are underserved by traditional financial institutions. 	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
155	CDFI Coalition	John Holdsclaw		11/5/2020	Accountability	<ul style="list-style-type: none"> Allow consideration of local and geographic specific Advisory Boards for CDFIs which serve a regional or national Target Market. The Accountability portion of the current CDFI certification application is much more qualitative than the new proposed standards. Although Advisory Board is not defined in the CDFI Fund's regulations, the proposed guidance would restrict it to national Advisory Boards since it requires the Fund to consider "how the Advisory Board input is incorporated into the organization's Governing Board's decision-making process." The CDFI Fund should allow local and geographic specific Advisory Boards to be included in the Accountability test's standards for CDFIs serving regional, 	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						national, and geographic specific Target Markets, such as rural communities. These Advisory Boards ensure accountability to low-income people and places for local offices and rural activities of regional and national CDFIs.	
156	CDFI Coalition	John Holdsclaw		11/5/2020	Accountability	It is common practice for leaders of CDFIs to sit on each other's governing boards to meet the accountability requirements for CDFI Certification as well as to provide their expertise and partnership opportunities. The Coalition urges the CDFI Fund to provide additional clarity on Question 17 of the FAQs regarding the Revised CDFI Certification Application, the Revised Annual Certification Report and the Certified Transaction Level Report. Specifically, the Coalition would appreciate language that says CDFI employees and board members may serve on the governing boards of other CDFIs (particularly those with an LITP Target Market), as is currently common practice, and explain any situations where such a practice would not be permitted and why.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
157	CDVCA	Kerwin Tesdell		11/5/2020	Primary Mission	CDVC business investments. The Fund's new proposal to consider the mission of subsidiary and affiliate organizations may unintentionally make it impossible for most CDVC funds to gain CDFI certification. Unlike all other types of CDFIs, CDVC funds make investments rather than loans. In fact, the whole purpose of a CDVC fund is to make equity investments in—and therefore to become part owners and controllers of—businesses. In most cases, these businesses, themselves, do not have a community development mission, but the CDVC fund accomplishes its mission by providing financing to the business to help it grow and create jobs. Recommendation: Ownership or control of a business acquired through investment consistent with a CDFI's or CDVC's financing business plan should not be considered for purposes of identifying subsidiaries and affiliates. Note that the business should not be required to be part of the CDFI's target market. For example, a business in which a venture fund invests that happens not to be in a low-income census tract, but which the fund has invested in as part of its overall investment program, should not be considered a subsidiary so long as the CDVC fund overall meets the requirements for CDFI certification. (E.g., the fund meets the 60% low-income community test, but the business in question is part of the 40% outside of the community.) Note also that the outcome might be different if the control relationship is reversed, and the CDFI is controlled by the non-mission-driven business. In that case, the mission of the company probably should be considered.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
158	CDVCA	Kerwin Tesdell		11/5/2020	Primary Mission	Investments in funds. CDVCA and other CDFI intermediaries achieve our community development missions in part by providing capital to funds that benefit low-income communities and people. Unlike other CDFI intermediaries,	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						<p>CDVCA typically makes equity investments in such funds, rather than loans. For example, we might purchase limited partnership interests in a fund organized as a limited partnership. Analogously to the recommendation above, we do not believe that an ownership interest in a fund that results from such an investment should be considered in determining a CDFI's subsidiaries and affiliates.</p> <p>Recommendation: Ownership or control of a fund or other financing entity acquired through investment consistent with a CDFI's or CDVC's investment business plan should not be considered for purposes of identifying subsidiaries and affiliates. Note that such investments should not be limited to investments in certified CDFI funds. For example, CDVCA and our Puerto Rico Fund for Growth have invested in funds that finance businesses in Puerto Rico that are not certified CDFIs but that further CDVCA's mission of promoting economic development and job creation in Puerto Rico. In fact, we think that making investments in funds that are not certified is an important way to accomplish our mission, providing capital to funds that might be too small or otherwise not interested in applying for certification. The relevant consideration should be furtherance of CDVCA's mission, not the stated mission of the fund in which we invest. (However, the CDFI Fund might reasonably inquire into how and whether our investment actually does further CDVCA's mission. For example, in the case of our investments in business finance funds in Puerto Rico, we might respond that our mission is furthered by supporting a fund that invests primarily in low-income census tracts in Puerto Rico, as almost all of them are, and by helping to develop the indigenous business finance ecosystem on the island.)</p>	
159	CDVCA	Kerwin Tesdell		11/5/2020	Primary Mission	Size of affiliate or subsidiary in relation to overall size of CDFI. CDVCA supports the recommendation of the CDFI Coalition that subsidiaries that are relatively small in relation to the overall size of a CDFI should not jeopardize certification of the CDFI.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
160	CDVCA	Kerwin Tesdell		11/5/2020	Primary Mission	Affiliates and subsidiaries of not-for-profit CDFIs that distribute profits to support the mission of the CDFI. We agree with the recommendation of the Coalition that these should be exempt.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
161	CDVCA	Kerwin Tesdell		11/5/2020	Primary Mission	Below market terms. We strongly disagree with the Fund's apparent movement toward the idea that provision of loans and investments on below market terms should be a criterion of CDFI certification. This concept is not in the Fund's authorizing legislation and in fact is contrary to an important goal of CDFIs to engage actively in financing markets. In addition, this may be an instance in which CDVC funds are in a different position from some other types of CDFIs for the following reasons.	The CDFI Fund has eliminated the referenced question and significantly streamlined the Community Development Strategy data to be collected via this ICR.

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						o CDVC funds have always seen our missions as providing access to capital rather than providing cheap capital. While it might be desirable for a lender to a low-income housing development to provide inexpensive financing to a project to help keep rents low, if a business is exited successfully, it can provide good returns to investors without harming employment. "Leaving money on the table" in a transaction simply puts money in the pocket of a business owner and does not necessarily help employees, who are the target of our mission. It's better that the returns go to a CDVC fund for future investment. Recommendation: In general, the Fund should resist the temptation to allow "below market" to creep into the CDFI certification process. We agree with the Coalition's recommendation that "bad actors" be screened out by focusing on predatory terms and characteristics rather than using language such as "below market" or "favorable." Focus on abusive practices and do not try to control or regulate the extremely varied terms that CDVC funds offer to businesses.	
162	CDVCA	Kerwin Tesdell		11/5/2020	Primary Mission	Access to equity capital is a big deal in the communities where we work. While debt may be hard for companies in low-income communities to secure, equity capital is virtually nonexistent. 75% of venture investments are made in just three states, and rural and inner-city businesses have virtually no access. Access is enough; businesses don't need cheap capital. Recommendation: Make equity investments and debt with equity features qualify per se, without delving into their exact terms.	The CDFI Fund has eliminated the referenced question and significantly streamlined the Community Development Strategy data to be collected via this ICR.
163	CDVCA	Kerwin Tesdell		11/5/2020	Primary Mission	We share the concern of the Coalition that the Fund seems to be heading in the direction of requiring CDFIs to define their products in certain "boxes." One of the great strengths of CDVC funds is that we provide extremely flexible capital on terms tailored to the individual needs of each business at a particular point in its development. There are no standard products with specified terms. Furthermore, return requirements will vary widely depending on the risk involved. Recommendation: CDVC funds should be required simply to describe their products broadly (e.g., preferred stock, debt with warrants, debt with royalties) and not define terms further.	The CDFI Fund has eliminated the referenced question and significantly streamlined the Community Development Strategy data to be collected via this ICR.
164	CDVCA	Kerwin Tesdell		11/5/2020	Primary Mission	Requiring a statement regarding below market returns would make it virtually impossible for most CDVC funds to raise capital from investors, since investors in CDVC funds are typically making equity investments in the fund (whose return depends on the return produced by the CDVC fund) rather than lending to the fund (where an set interest rate is offered). It's hard enough to raise capital by saying "we're going to invest in places and in businesses that no one else wants to invest in," but adding a statement about below	The CDFI Fund has eliminated the referenced question and significantly streamlined the Community Development Strategy data to be collected via this ICR.

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						market returns would be suicide. No traditionally structured CDVC fund would ever apply for CDFI status under these circumstances.	
165	CDVCA	Kerwin Tesdell		11/5/2020	Primary Mission	Discussion of "ability to pay" raises concerns for the CDVC industry. We understand the reason for this and fully support it: predatory lenders that provide mortgages to low-income people who may not have the ability to pay and may lose their homes (in which case the lender gets repaid through sale of the home) can be extremely detrimental to low-income home owners. But the Fund should address this concern through a carefully-targeted "rifle" approach rather than a "shotgun" approach covering all CDFIs. It would make absolutely no sense for an equity investor to make an investment in a company with intention or understanding that it wouldn't be repaid, because equity investors typically take no mortgage or security interest in a business in return for its investment. If the business has no "ability to repay," the equity investor will lose all of its money. However, it is certainly true that equity investors make high-risk investments that may not be repaid—providing risk capital that others will not provide is central to our mission. Recommendation: Ability to repay should not be considered with respect to equity and near equity investments.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
166	CDVCA	Kerwin Tesdell		11/5/2020	Primary Mission	Include business development and support as a community development objective.	The CDFI Fund has modified this question to include additional recommended options. Applicants also have the option to select "Other."
167	CDVCA	Kerwin Tesdell		11/5/2020	Primary Mission	Include job creation and possibly the creation of quality jobs as a community development objective. (But we caution that the definition of a "quality job" may be quite different, depending on context. For example, a living wage and good benefits may vary widely between rural Appalachia and San Francisco and between a small startup and an older, established company. Therefore, the Fund should be careful in promulgating one-size-fits-all standards for job quality, and—as much as job quality is central to the CDVC mission—should perhaps not venture into this territory, not because it isn't important, but because it is hard to define and measure.)	The CDFI Fund has modified this question to include additional recommended options. Applicants also have the option to select "Other."
168	CDVCA	Kerwin Tesdell		11/5/2020	Primary Mission	Addressing the racial wealth gap. CDVCA and many CDVC funds share the objective of increasing the number of entrepreneurs and business owners and the number of minority fund managers.	The CDFI Fund has modified this question to include additional recommended options. Applicants also have the option to select "Other."
169	CDVCA	Kerwin Tesdell		11/5/2020	Financing Entity	The Financing Entity test is perhaps the major reason that traditionally-structured CDVC funds with community development missions often never apply for CDFI certification. To be very brief, the problem is that, unlike other types of CDFIs, CDVC funds raise all of their capital up front, before they begin financing, and therefore many find no use in becoming certified after all their capital is raised	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						and they can start investing. If the Fund wants to address the low numbers of venture capital funds among certified CDFIs, it must address this problem. And Congress and many others are extremely interested in increasing the availability of equity capital for businesses in low-income and rural areas and for businesses owned by entrepreneurs of color, so this is a problem worth focusing on. We have provided detailed comments at other times about this problem; we will not repeat that full discussion here. Recommendation: As detailed in the Merkowitz Letter, we recommend that CDVC funds be given conditional certification in advance of raising capital. This would be analogous to the "Advance Ruling" that a 501(c)(3) organization receives from the IRS. Absent this, we recommend that CDVC funds be given as much flexibility as possible to pass the Financing Entity test soon after formation, and that they not have to wait for 12 months. We also recommend that the management company of a CDVC fund (this structure is explained in the Merkowitz Letter) be certified as a CDFI and that each subsequent fund formed and managed by that CDFI be granted automatic certification or be presumed to qualify for certification.	
170	CDVCA	Kerwin Tesdell		11/5/2020	Financing Entity	It appears that the Fund is proposing to require CDFIs to re-qualify for certification each year based on loans or investments made in the past 12 months. This is unworkable for traditionally-structured CDVC funds. Unlike other CDFIs, CDVC funds make relatively few investments (perhaps 10-15 throughout the life of a fund). As limited life funds (typically 10-year), they follow a life cycle. They raise all of their money up front; then they have an "investment period" in the next 3-5 years, when they make their investments; and they have a "harvest period" for another 5-10 years during which they are extremely actively engaged with their portfolio companies, helping them to grow and exit, but they are not making new investments. If the Fund follows the standards as we understand your proposal, you will be saying to CDVC funds: "We will not give you CDFI certification when you really need it, when you are raising your capital; then you can apply for certification after that, when you don't need it; but then we will take it away again a few years later at the end of your investment period, even though you are still very actively engaged in the business of venture capital." This is not compelling. Recommendation: First, the Fund should recognize that CDVC funds usually make very few investments, even during their investment period, and not require the volume of financing that it might require of other CDFI types. Second, the Fund should consider the portfolio of investments that a CDVC fund manages on an ongoing basis, rather than just investments made in the prior year. A CDVC fund should not lose its certification when it enters its	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						harvest period.	
171	CDVCA	Kerwin Tesdell		11/5/2020	Financing Entity	Proposed (and current) certification standards require that a majority of assets and staff time be dedicated to financing, but in a traditionally-structured CDVC fund assets and staff are separated in different legal entities. As explained more fully in the Merkowitz Letter, the staff is typically in a management company (or a parent organization of the management company) and the assets are in a separate fund structure managed by the management company. Recommendation: While the Fund is making major changes to the certification process, it should clarify that it will look at the management company together with the “fund” for purposes of the Financing Entity test.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
172	CDVCA	Kerwin Tesdell		11/5/2020	Target Market	However, we share the Coalition’s concern regarding apparent removal of the flexibility on Target Market Thresholds. We look forward to engaging with the Fund and the industry regarding Target Market verification processes.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
173	CDVCA	Kerwin Tesdell		11/5/2020	Target Market	CDVCA strongly supports the CDFI Fund’s proposal to eliminate geographic restrictions on most Target Markets. Because of the nature of equity investing, CDVC funds typically extend over large geographic areas to generate sufficient deal flow. We focus our investment in low-income communities, but not specific, pre-identified census tracts.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
174	CDVCA	Kerwin Tesdell		11/5/2020	Target Market	In particular, the CDVC philosophy has always been to provide financing to businesses in both low-income and non-low-income communities, if those businesses provide good jobs that are accessible to low-income people. Is a low-income person who happens to live in a higher income census tract any less deserving of a good job than one who lives in a low-income census tract? This is particularly salient in urban areas, where labor markets are regional, and most people do not work in the same census tract where they live (although, that may have changed with COVID! ☺). However, because the CDFI Fund is primarily a geography-based program, most CDFIs engaged in business finance have defaulted to serving low-income geographies rather than low-income people seeking good job opportunities. In theory, low-income employees could qualify as low-income targeted populations, but the standard of proof for LITP in the employment context is notoriously difficult to meet, and most CDFIs do not try. Recommendation: As the Fund revisits its certification standards, it should take the opportunity to rework the LITP criteria and standard of proof, particularly as they relate to employees of large businesses, where the business owner is not low-income. CDVCA looks forward to working with the Fund and the industry to develop a workable solution to this problem.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
175	CDVCA	Kerwin Tesdell		11/5/2020	Accountability	CDVCA supports the recommendations of the Coalition regarding accountability. In this letter we take the	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this

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						<p>opportunity to address the special case of intermediary CDFIs, such as CDVCA. In the case of an intermediary CDFI, we believe that the governing and/or advisory boards should be composed primarily of leaders of funds similar to the ones in which the intermediary invests. For example, in CDVCA's case, that would include leaders of the CDVC industry. These leaders should have expertise in the industry write large and not necessarily in particular geographies. Note that we do not believe this should be limited exclusively to certified CDFIs. For reasons explained above and in the Merkowitz Letter, many excellent, mission-driven CDVC funds do not bother to become certified because they do not find it worthwhile. CDVCA considers it an important part of our mission to serve funds that provide important financing to businesses in low-income communities that create high quality employment opportunities for low-income people, whether or not they are certified.</p>	<p>recommendation into consideration while establishing final certification policies.</p>
176	Community Economic Development Assistance Corporation (CEDAC)	Roger Herzog	Executive Director	11/4/2020	Target Market	<p>Children's Investment Fund (CIF), is a Community Development Financial Institution that supports the development of high-quality early childhood education and care facilities through financing, training, and technical assistance. CIF's certified Target Market includes all CDFI-qualified Investment Area (IA) census tracts in the Commonwealth of Massachusetts. Although the early education facilities that CIF funds serve a high-proportion of low-income children and families, current CDFI Fund policies do not allow it to be certified for a Low-Income Targeted Population (LITP) Target Market (TM). Recommendation: Consider a change in policy to allow CDFIs like CIF, which finance community facilities, to be certified for a LITP TM. Specifically, we request that a financial product benefitting a community facility be considered to serve an LITP TM if at least 25% of the facility's beneficiaries are low-income. This proposed policy directly mirrors the way that affordable housing-focused CDFIs are able to claim a LITP TM through a set-aside of housing units for low-income residents. We ask you to extend this policy to community facilities like child care centers that meet a requirement to set-aside classroom slots to serve children from families with low incomes.... We urge the CDFI Fund to support CDFIs that serve this child care sector through the same policy that supports CDFIs focused on the affordable housing sector.</p>	<p>This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.</p>
177	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	General	<p>We think it is critical that the data collection and recertification processes reflect and are informed by the new certification requirements), and we urge the Fund to review all three proposals in light of how they interact. CEI appreciates the efforts of the CDFI Fund to clarify and streamline the certification and reporting processes for new and existing CDFIs. We applaud the move toward increased</p>	<p>The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.</p>

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						automation and data sharing and its intent to lessen the burden on both CDFI fund staff and CDFIs.	
178	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Target Market	The three documents refer to a list of approved verification processes, but the FAQ acknowledges that this list does not yet exist. As we will discuss below, we believe this will create challenges in particular for CDFIs that finance small businesses, community facilities, and affordable rental housing, and which document benefits to end users as a way to qualify these deals in an LITP Target Market. We urge the Fund not to finalize a new Certification rule before developing the list of approved processes with full and active participation of a wide range of CDFIs that can provide their own best practices for qualifying and documenting Target Market transactions.	The CDFI Fund has published separately a list of pre-approved Target Market assessment methodologies that Applicants and Certified CDFIs may use and rely upon to demonstrate that they are serving their identified Target Markets and an accompanying Request for Comment. Comments on the methodologies will be reviewed before the list is finalized.
179	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Target Market	CEI supports the proposed revised policies that will remove the geographic boundaries on most Target Market designations and will measure all of an entity's eligible activity to its designated Target Market type(s) (i.e., Investment Areas and/or Targeted Populations) toward the applicable percentage threshold. We believe that these revisions will allow for more flexibility and result in greater Target Market impact for many CDFIs. However, these changes give rise to some lack of clarity and certainty around Accountability to expanded Target Markets.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
180	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Target Market	We believe that the lessening of geographic constraints will be a significant benefit to CDFIs and their beneficiaries.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
181	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	General	We strongly urge the Fund to provide sufficient time – we recommend three years – for currently certified CDFIs to come into compliance with the new certification criteria. We think it is critical that the new policies and process not result in well-established CDFIs with a strong track record of impact in their Target Markets being disqualified for minor or technical violations. CDFIs may need to make changes in their processes, revise or adjust their Financial Products and Services, or otherwise respond to the new rules. In addition, a three-year grace period would give the Fund time to understand how its new processes and policies are working and identify problematic areas.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
182	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Primary Mission	CEI agrees that it is appropriate to include Affiliates of non DIHCs in the Basic Information section, but wishes to clarify that these are only Affiliates that provide Financial Products – i.e., a social enterprise or other entity (such as a Low Income Housing Tax Credit partnership) would not be included.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
183	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Basic Information	CEI agrees that it is appropriate to include Affiliates of non DIHCs in the Basic Information section, but wishes to clarify that these are only Affiliates that provide Financial Products – i.e., a social enterprise or other entity (such as a Low Income	The CDFI Fund will collect Basic Information data on the Affiliates of an Applicant that is not a DIHC, or a Subsidiary of an IDI, that meet any of the following criteria for consideration in connection

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						Housing Tax Credit partnership) would not be included.	<p>with the Primary Mission requirements:</p> <ul style="list-style-type: none"> - The Affiliate Controls the Applicant, except if the Controlling entity is a Tribal Government; - The Affiliate directly engages in Financial Product and/or Financial Services activity and the Applicant and the Affiliate are under the mutual Control of another entity; or - The Affiliate directly engages in Financial Product and/or Financial Services activity and the Applicant Controls the Affiliate. <p>Affiliates listed in the Basic Information section that are separately-certified CDFIs or Community Development Entities (CDEs), as well as entities whose sole activity is the participation in other federal financing programs, are presumed to meet the CDFI Certification Primary Mission requirements and are exempt from completing the Primary Mission section of the application.</p>
184	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Primary Mission	The questions are appropriate but may not be sufficient. While we understand that one goal is to minimize the burden on CDFI Fund staff, we believe that there may be occasions when it is appropriate and important to look beyond the answers to these questions and review other information – for instance, the applicant's website, social media presence, and marketing strategies.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
185	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Primary Mission	Additionally, we question the use of the Military Annual Percentage Rate (MAPR). We are not aware that this is a calculation method used widely by CDFIs, and we are concerned that it may be a one-size-fits-all method that does not, in fact, fit all. In particular, for CDFIs that provide flexible products (interest-only for a period; equity-like loans; or, as in CEI's case, a fee-based non-interest-bearing product designed to address the needs of Muslims who are forbidden to pay interest), will the MAPR capture the real costs of these products? Why not simply ask CDFIs to describe their products, including interest rates, fees, and other characteristics?	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
186	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Primary Mission	Applicants should have the opportunity to describe and explain their practices in the context of their markets and communities.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
187	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Primary Mission	While we agree that it is appropriate to include Affiliates of non DIHCs in the Primary mission test, we believe that the Fund needs to clarify whether Affiliates that are separately	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while

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						<p>certified by the Fund should be included.</p> <p>CEI has several wholly-owned subsidiary entities that we believe may fall into one of these categories, but we want to clarify this requirement. In particular, we are unsure whether this requirement would or should apply to an affiliate that provides New Market Tax Credit (NMTC) financing, since NMTC entities and their Certified Development Entities (CDEs) are separately certified by the CDFI Fund and by definition adhere to a primary mission of serving, or providing investment capital for, Low Income Communities or Low-Income Persons.</p> <p>CEI also has a mission-focused venture capital subsidiary; that entity has separately applied for and received CDFI certification for several of its investment funds. Would CEI also be required to list the venture capital entity and its funds, and separately attest to their adherence to the Primary Mission requirements?</p>	establishing final certification policies.
188	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Primary Mission	The question appears to allow for only one output/outcome per community development objective. The question should allow for multiple responses.	The question allows Applicants to select all options that apply.
189	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Primary Mission	This question seems designed more for consumer loans than small business loans. Many CDFIs, especially those that lend to small businesses, provide variable rate loans, which would preclude the ability to provide the total amount to be repaid and APR over the life of the loan.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
190	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Financing Entity	Please clarify whether "predominance" of staff time can include Development Services. Previous guidance from the Fund (2018 CDFI Application Supplemental Guidance and Tips) is explicit that Development Services are included in the "predominance" definition for a non-regulated CDFI to qualify as a Financing Entity. This makes sense, as Development Services are critical to the financing activities of a CDFI. Further, Development Services may be high-touch and staff-intensive, leading to a greater number of FTEs providing these services than may be required to directly support Financial Products.	The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.
191	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Target Market	With the revised policies, the CDFI Fund will remove the geographic boundaries on most Target Market designations and will measure all of an entity's eligible activity to its designated Target Market type(s) (i.e., Investment Areas and/or Targeted Populations) toward the applicable percentage threshold. This change, in effect, will allow any CDFI to serve its designated Target Market type(s) at whatever level it is capable, including nationally and/ or through the use of financial technology, without having to seek additional approval. CEI strongly supports this change. We believe it will provide much-needed flexibility and opportunities for increased impact for CDFIs while reducing the data analysis and collection burden. This change,	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						however, does raise some questions for us around Accountability, which we discuss below.	
192	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Target Market	The revised Certification requirements state that a CDFI must meet a threshold of “at least 60% of both the number and dollar volume of arm’s-length, on-balance sheet Financial Products to one or more eligible Target Market types.” Previously, CDFIs had the option to request a waiver if they could meet only one of these (either number OR dollar volume). This proposed change poses concerns for the Fund and prospective as well as existing CDFIs. We are puzzled as to why the Fund decided to rescind its ability to use discretion to provide exceptions to the Target Market threshold requirement. Implementing a hard and fast rule may result in an Applicant being denied certification (or an existing CDFI losing its certification status) due to mathematical anomalies that do not reflect a failure on the part of the CDFI to direct its financing activities to approved Target Markets. For example, when a CDFI makes loans of very different amounts or sizes and in different quantities, it may fail to meet the 60% threshold for either the number of units or the dollar amount. This situation can arise when a CDFI makes a small number of large facilities loans while also originating a significant volume of business loans that are much smaller in size. We urge the Fund to retain its discretion to waive this requirement.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
193	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Target Market	The proposed Target Market Verification Process raises a number of concerns that have not been addressed in the revised Certification Application or elsewhere in the supporting documents. In particular: 1. When will the Fund develop a list of “approved verification processes”? Question #11 of the FAQs for the Proposed CDFI Certification Application, ACR & CTRL, states that the CDFI Fund is “developing a comprehensive list of approved [Target Market verification] processes an entity may use without seeking prior approval and this list will be made available prior to the finalization of the revised application... Entities still will be able to request approval of a Target Market verification process(es) not already accepted by the CDFI Fund.” CEI is deeply concerned that the Fund is requesting comments on this application, the CTRL, and the ACR, without providing CDFIs with a list of approved Target Market verification processes, and without inviting input from practitioners into the development of this list. We strongly urge the Fund not to finalize the revised application until industry practitioners have had an opportunity to review and respond to this list of approved processes. 2. What is the process for requesting approval from the CDFI Fund of a new Target Market verification process? Question #12 of the FAQs states that “Applicants or CDFIs requesting approval for a currently	The CDFI Fund has published separately a list of pre-approved Target Market assessment methodologies that Applicants and Certified CDFIs may use and rely upon to demonstrate that they are serving their identified Target Markets and an accompanying Request for Comment. Comments on the methodologies will be reviewed before the list is finalized.

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						<p>unapproved Target Market verification methodology will need to submit the request in writing for review. The details and timeframe for submission are under development.” Again, we are disturbed by the fact that the process and the timeline for submitting unapproved Target Market verification methodologies to the CDFI Fund for approval have yet to be determined. It would appear the Fund has not anticipated or fully developed all aspects of the revised Certification Application and the supporting rules and/or guidance. The lack of detail and clarity makes it very challenging for CDFIs to operate, much less innovate new products and services, if they lack the certainty of how such offerings could affect their Certification Application and/or current Certification status. We strongly urge the CDFI Fund to develop and publish the details of this approval process prior to finalizing and implementing the revised Certification Application as well as the Annual Certification and Data Collection Report (ACR) and the Certification Transaction Level Report (CTLR), all of which will be directly affected by this process. We are concerned that the CDFI Fund will finalize the certification application and CTLR without having created these – and most concerned that they will do so without industry involvement. CEI is especially concerned about LITP verification, as discussed below: a. LITP definition and end users: As a small business lender, CEI qualifies some of its deals as LITP based not on the income of the borrower, but on benefits to End Users. This is allowed in the regulation and can include affordable housing tenants, low income users of community facilities, and low-income workers; however, the processes for verifying and documenting these end users has never been defined by the Fund. Accordingly, CEI has developed its own methodology and documentation, especially for low-income workers – we have a legally binding Employment and Training Agreement, or ETAG, with the borrower, in which they commit to a certain level of low-income hires, along with wages and benefits. These agreements are tailored to the needs and capacity of the business, to they are customized. We ask each business to provide wage and household information at least annually – but we can’t individually certify each LI household ourselves. Our specific concerns are:</p> <p>i. That the Fund recognize the validity of End Users to qualify for LITP. While this is mentioned in the CTLR, the FAQ makes no mention of it, and says: “CDFIs that do not elect to use the LITP Census Block Group geocoding for designating a transaction as LITP may manually enter ‘Yes’ to the LITP status. When doing so, the CDFI will need to retain all of the required documentation for the loan record, as detailed in the Certification Guidance, to show that household income</p>	

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						for the borrower is less than or equal to 80% of AMI.” ii. That our verification processes, which we have described in our certification renewals going back to 2013, would in fact qualify as an alternate method; and that the Fund review verification processes used by other CDFIs as well, before finalizing these revisions. We believe we are not the only CDFI that relies on benefits to LI workers to qualify loans as LITP. We strongly urge the Fund to get input from industry practitioners before determining its list of verification processes and/or the application for alternate processes.	
194	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Accountability	<p>1. If a CDFI has an Investment Area Target Market with a specific focus on one community, neighborhood, state, or region, can that CDFI still qualify for the pre-qualified National IA TM? In other words, if CEI's primary focus is on Maine IAs, can CEI nevertheless qualify for the National IA TM?</p> <p>2. And if so, what are the requirements regarding Accountability? Can our board members who represent IAs in Maine provide Accountability for the National TM? CEI believes that this is the intent of the change, and we support this – but we ask the Fund to confirm and clarify.</p> <p>3. As we read the proposals, it appears that the requirement for geographic delineation is also removed for other TMs, including LITP. If that is the case, do board members need to represent a national LITP TM, or can a board member who represents a local or regional LITP TM provide accountability beyond the area they represent?</p>	The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.
195	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Accountability	<p>Do employees of a certified CDFI that serves a Targeted Population meet the accountability test to serve on the board of another entity serving that Targeted Population? The FAQ states that “An employee of a certified CDFI may meet the accountability test on the basis of her or his employment for a certified CDFI only when serving as a board member for a CDFI with a Target Market of OTP-CDFI.” In reading the Certification Application, we believe it is clear that this question applies ONLY to board members who provide accountability for OTP TMs; however, the FAQ does not make this clear. We want to be sure that the Fund understands that employees of CDFIs serve on our boards for many reasons; among them, to provide industry expertise, knowledge of the communities they serve; and accountability as employees of CDFIs that serve low-income people and communities. In particular, CDFIs with an LITP TM may have staff of other CDFIs that serve LI people and communities serving on their boards, and it stands to reason that these board members can provide accountability for LITP.</p> <p>We ask the Fund to clarify that this is indeed the case – and if not, then we would have serious objections. Please clarify</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						that employees and board members of CDFIs serving low-income people may serve on the governing board of another CDFI with an LITP Target Market and provide accountability to this Target Market for Certification purposes, as is currently common practice.	
196	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Target Market	CEI strongly recommends that the CDFI Fund refrain from finalizing new CDFI Certification documents and rules until practitioners and industry participants have had a reasonable opportunity to offer specific comments on and input into potential LITP Target Market verification processes and protocols. Without standard processes or guidance from the CDFI Fund and due to the significant challenges of collecting household income data from small business employees, many CDFIs have developed their own verification methodologies, including the Employment Training Agreements pioneered by CEI and described above, or by using proxies to confirm that loans benefitting low-income end users. This approach was modeled after similar practices used by CDFIs lending to affordable housing projects, charter schools, community health centers and other community organizations, where they routinely utilized low-income proxies (e.g. the Low Income Housing Tax Credit, students receiving free and reduced lunches, Medicaid eligible patients, etc.) to demonstrate that the end users or ultimate beneficiaries of their financing activities were supporting a certain percentage of low-income people. Small business lending CDFIs have relied on their verification methodologies for many years, perhaps decades. To potentially upend them without a reasonable comment period and the opportunity to gain uniform Fund approval for a broader list of verification processes could have negative repercussions for the CDFI industry as well as the small businesses that depend on them.	The CDFI Fund has published separately a list of pre-approved Target Market assessment methodologies that Applicants and Certified CDFIs may use and rely upon to demonstrate that they are serving their identified Target Markets and an accompanying Request for Comment. Comments on the methodologies will be reviewed before the list is finalized.
197	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Target Market	The Fund should also provide a detailed process and timeframe for reviewing and approving LITP methodologies developed by individual CDFIs in the event that the Census Block Group Geocoder is not a suitable option for some entities. Finally, the Fund should not implement a final set of revised and/or new Certification documents and rules until CDFI practitioners and industry participants/representatives have had an opportunity to provide comments and feedback on both the Census Block Group Geocoder as well as the process for vetting other LITP Target Market verification processes.	The CDFI Fund has published separately a list of pre-approved Target Market assessment methodologies that Applicants and Certified CDFIs may use and rely upon to demonstrate that they are serving their identified Target Markets and an accompanying Request for Comment. Comments on the methodologies will be reviewed before the list is finalized.
198	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	Target Market	Our concerns about the Census Block Group Geocoder are two-fold. First, this new geocoding capability has not yet been built in CIMs as the Fund makes quite clear in Question 20 of the FAQs. Second, without the ability to test this LITP methodology, CDFIs engaged in small business lending have	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						no way of knowing whether this alternative verification process will allow them to qualify their loans. Since CDFIs have their lending criteria and processes in place, it is essential that they be able to determine if the loans they are making or have made would be deemed to be transactions serving their LITP Target Market(s). If, for some reason, this alternative methodology is not a good option/fit for some CDFIs, the Fund should provide an expedited process to review Target Market verification processes developed by individual CDFIs to assure a smooth and uninterrupted transition to the new Certification rules and guidance. CDFIs that serve predominantly rural areas will be especially challenged to make this method work. The location of the business may or may not be in a LITP Census Block, but may still provide much-needed, good jobs for LI workers. We recognize that the Census Block Group Geocoder may provide a useful alternative method for some CDFIs, but note that it is still untested. We recommend that the Fund make this tool available as soon as possible so that CDFIs can test this alternative LITP methodology for verifying their loans, especially small business loans.	
199	Coastal Enterprises	Keith R. Bisson	President	11/5/2020	General	Section 1. Primary Mission / Community Development Strategy of the ACR states, "Currently certified CDFIs that received their certifications prior to the implementation of the revised application will be required to submit a revised Certification Application separately and will not be required to respond to this question in the ACR until such time." This statement makes it clear that currently certified CDFIs will be required submit a revised Certification Application to be recertified. This requirement is not stated in the revised Certification Application itself and should be clearly reflected in this document. The CDFI Fund should clarify if, and when, currently certified CDFIs will be required to prepare and submit a revised Certification Application. The Fund should allow a grace period of at least three years for current CDFIs to submit the new Certification Application , and should work with current CDFIs to ensure that the new rules and processes do not result in an unintended consequence of decertifying strong, well-established CDFIs that have a documented history of impact in their Target Markets.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
200	Community Development Bankers Association	Jeannine Jacokes	Chief Executive Officer	11/5/2020	General	We ask that, following receipt of public comments, the CDFI Fund engage in direct conversations with the CDFI industry to discuss and fully understand the complexity of issues and challenges associated with implementing such dramatic changes in the annual reporting.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
201	Community Development Bankers Association	Jeannine Jacokes	Chief Executive Officer	11/5/2020	General	Emphasize our agreement with the recommendation of the CDFI Coalition that the CDFI Fund grandfather in existing certified CDFIs after the CDFI Certification application is finalized and allow a grace period of at least 18 months for	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						organizations to make any changes necessary to maintain their certification.	
202	Community Development Bankers Association	Jeannine Jacokes	Chief Executive Officer	11/5/2020	General	Along with the CDFI Coalition, we support incorporating the CDFI Certification application into the Awards Management Information System (AMIS) and linking it with the new annual report.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
203	Community Development Bankers Association	Jeannine Jacokes	Chief Executive Officer	11/5/2020	General	Prior to implementation, the CDFI Fund should consult across the range of CDFI industries to ensure that all reporting fields are reliably collected, easily tracked, and consistent with existing reporting systems and regulatory requirements as appropriate to the industry. Where available, the CDFI Fund should refer to existing public sources of information, which for bank CDFIs includes quarterly Call Reports.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
204	Consumer Credit Industry Association (CCIA)	Tom Keepers	Executive Director & EVP	11/2/2020	Primary Mission	Request the CDFI Fund to replace the MAPR with the commonly understood and consumer-friendly APR as defined in the Truth-In-Lending Act and its implementing Regulation Z ("TILA APR")	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
205	Core Business Solutions at IFF	Matthew J. Roth	President	11/5/2020	Target Market	Recommend the Fund adopt eligibility reporting guidelines that better account for and reflect lending by community facilities lenders that are focused on supporting nonprofits working in low-income communities; These recommended guidelines include: (1) CDFI lenders have the flexibility to obtain from nonprofit borrowers an attestation that the borrowing entity serves an LITP; (2) Certain classifications of borrowers be granted automatic eligibility as serving an LITP including 1)Emergency housing organizations (e.g., homeless shelters), 2)Food pantries, 3)Restorative justice and reentry organizations, 4)Organizations working with immigrant and/or refugee populations, and 5)HFFI-eligible grocery stores. All of the organization types listed work deeply and almost by definition exclusively with low-income communities, and yet because they do not gather income data from those they serve these loans currently do not count towards meeting CDFI certification requirements. We recommend this change be incorporated into the final rules around certification.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
206	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Target Market	Recognition and implementation of a National Target Market comprised of Investment Areas is a welcome and long overdue policy change. National CDFIs, like CRF, will now be able to make loans to worthy small business borrowers regardless of where they are located and receive credit towards the 69% threshold under the Target Market test. Policy changes to the Accountability requirements are also quite favorable by introducing more flexible and manageable ways an entity can demonstrate it is accountable to its designated Target Market(s).	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
207	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Primary Mission	First, the CDFI Fund's approach to strengthening the Primary Mission test by asking overly detailed questions about an	The CDFI Fund has made significant changes to the ICR based on comments received and

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						Applicant's Financial Products and/or Services will not achieve its objective of screening out organizations that should not be certified. The details of the CDFI's Financial Products and/or Services should be determined by the Applicant's management and overseen by its governing board, not the CDFI Fund. The proposed approach is not a foolproof means for confirming an Applicant has a Primary Mission of community developing and it makes the Application process significantly more burdensome without assurances it will improve data quality and collection methods. It also places the CDFI Fund in a role of evaluating the products and/or services of Applicants which may be better left to other agencies such as the Consumer Financial Protection Bureau.	interagency consultations, and the data collected is specific and required for business purposes and compliance.
208	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Target Market	A second key concern is the CDFI Fund's decision to revoke its right to exercise discretion when an Applicant is unable to meet the 60% threshold required for the Target Market test. This is a serious and dangerous policy change that could have unintended consequences as described in greater detail in our discussion of the Sixty Percent Threshold Requirement (Target Market section). The Fund should reconsider implementing this change.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
209	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Target Market	Specifically, under the new criteria the CDFI Fund will require Applicants and CDFIs to use only "approved" Target Market Verification Processes to confirm that at least 60% of their financing activities are being directed to their designated Target Market(s). However the Fund has yet to publish a list of "approved" processes, nor has it established a process for Applicants to seek approval for Target Market Verification Processes that they have developed themselves. For instance, many CDFIs serving a Low Income Targeted Population look to the "end beneficiaries" to qualify the loans they are making to their Target Market(s). This long standing approach needs to be included in the Fund's list of "approved" Target Market Verification Processes so that CDFIs can continue to finance vital housing, community facilities and small business borrowers across the country.	The CDFI Fund has published separately a list of pre-approved Target Market assessment methodologies that Applicants and Certified CDFIs may use and rely upon to demonstrate that they are serving their identified Target Markets and an accompanying Request for Comment. Comments on the methodologies will be reviewed before the list is finalized.
210	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Target Market	While the Fund has introduced an alternative method for qualifying loans to a LITP Target Market known as the Census Block Group geocoder, this new CDFI Information Mapping System tool has not been created and therefore cannot be tested. It is impossible for CDFIs and industry stakeholders to fully understand and comment on the revised Certification documents until all the outstanding components of the new criteria have been completed and reviewed.	The CDFI Fund has published separately a Request for Comment on Target Market assessment methodologies that includes a description of a potential geographic proxy for identifying members of a Low Income Targeted Population, and has posted a list of potentially qualifying census block groups on its website. Comments on the use of a proxy and the methodology will be reviewed before such a tool is made available if determined appropriate.
211	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	General	The CDFI Fund should allow existing CDFIs up to three (3) years to comply with the new certification requirements. This	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this

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						process could require some CDFIs to change their business models, their governing and/or advisory board structures, methods of verifying loans directed to approved Target Markets, as well as potentially selling or allowing loans or lines of business to be sold, run off, or otherwise discontinued in order to meet the new certification criteria.	recommendation into consideration while establishing final certification policies.
212	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	General	The CDFI Fund should maintain a rolling Certification Application process as a quarterly Application cycle could lead to long delays and significant backlogs of pending applications. This could make it difficult for entities to become certified in a timely fashion and provide Financial Products and Financial Services to borrowers in their approved Target Markets. The current COVID-19 crisis is an example of how an Applicant seeking to become a CDFI might be forced to wait three months to file their application and receive a designation which, in turn, could directly enhance the organization's ability to raise and deploy funds in its defined Target Markets as rapidly as possible.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
213	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Basic Information	Generally speaking, many CDFIs use off-balance sheet special purpose entities (SPEs) or vehicles which do not have any employees and whose role is primarily to hold assets. These SPEs are sometimes referred to as "brain dead" in that they exist for legal reasons but are not fully functional affiliates. We assume the CDFI Fund is not expecting Applicants to include each of these vehicles in the Application as they are simply financing structures without day-to-day operations. CDFIs may appoint the board of such entities, however investors tend to retain control and therefore these entities should not be captured in the BI section. CRF has a number of these off-balance sheet entities associated with its New Markets Tax Credit (NMTC) Program. Since the activities of these NMTC entities have never been included the 60% threshold required under the Target Market test, we assume they would not be listed as Affiliates for the purposes of CDFI Certification. There are also instances where a CDFI or Applicant may have an entity which it controls but which was established in order to allow the organization to access a license to participate in another federal program. In this case, the affiliate or subsidiary is wholly owned by the CDFI with whom it contracts to provide staff, as well as other resources to carry out its activities. We believe these types of entities should not be reflected in the BI section as well since they were created to meet programmatic requirements but, for all intents and purposes, are one in the same with the parent CDFI or Applicant.	<p>The CDFI Fund will collect Basic Information data on the Affiliates of an Applicant that is not a DIHC, or a Subsidiary of an IDI, that meet any of the following criteria for consideration in connection with the Primary Mission requirements:</p> <ul style="list-style-type: none"> - The Affiliate Controls the Applicant, except if the Controlling entity is a Tribal Government; - The Affiliate directly engages in Financial Product and/or Financial Services activity and the Applicant and the Affiliate are under the mutual Control of another entity; or - The Affiliate directly engages in Financial Product and/or Financial Services activity and the Applicant Controls the Affiliate. <p>Affiliates listed in the Basic Information section that are separately-certified CDFIs or Community Development Entities (CDEs), as well as entities whose sole activity is the participation in other federal financing programs, are presumed to meet the CDFI Certification Primary Mission requirements and are exempt from completing the Primary Mission section of the application.</p>
214	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Primary Mission	Placing an affirmative obligation on the Applicant to show its products and/or services do not harm consumers could unintentionally limit the flexibility for entities to offer Financial Products or Services that strike the appropriate	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and

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						balance between the needs of their borrowers and their own financial viability based on the credit risks they assume. If the objective is to screen out organizations that offer predatory credit products, we are not convinced this approach will keep these organizations from being certified. Applicants do have the opportunity to explain why their Financial Products may exceed certain restrictions (such as interest rate ceilings) but it is unclear what criteria the CDFI Fund will apply to include or exclude such products. It is also unclear whether the Fund can use its discretion to consider qualitative factors beyond the terms of an Applicant's Financial Products or Financial Services. The Fund should have the ability to look beyond the Application to review an Applicant's website, its messaging and any social media campaigns to see how the entity's online presence aligns with its stated mission of promoting community development. We also see benefit in continuing to request that Applicants provide a narrative describing their history and how they carry out their mission through their financing activities.	compliance.
215	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Primary Mission	In our view, the Fund is asking for too much detail about an Applicant's products and services in this section and appears to be "micromanaging" CDFI financing activities. This approach could have the unintended effect of driving CDFIs to offer "plain vanilla" products and services to avoid burdensome scrutiny while stifling innovation. <u>Recommendation:</u> The nature and terms of an Applicant's/CDFI's Financial Products and Financial Services should be determined by the organization's leadership and governing board. It should not be the purview of the CDFI Fund to set the terms of such products and services.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
216	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Primary Mission	Mission-driven lenders often innovate and create products to address a need in the local market. The terms of such products should be carefully considered and should not preclude an entity from being certified simply because the terms are outside the norm. We have serious concerns about the CDFI Fund's approach to evaluating Applicants' Primary Mission. The Fund should not attempt to regulate CDFIs' products as there are other agencies, such as the Consumer Financial Protections Bureau charged with this responsibility. However, should the Fund decide to collect information about CDFIs' financial products, we would encourage you to inquire about abusive practices related to small business loan products – especially given the exponential growth of online lending platforms many of which offer predatory products. This question should include suspicious or deceptive practices related to small business loans not just those pertaining to consumer products and equity investing. Loans carrying excessive interest rates with hidden fees, a speedy application process requiring no credit	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						check, often encouraging repeated refinancing and rollovers, and where the cost of loan is not clearly stated, or where products may be disguised as savings or credit repair loans are examples of the types of products that raise serious concerns. Merchant cash advances (which are technically not loans) and loans targeted to borrowers with low or no-credit scores or history should also be captured in this question.	
217	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Primary Mission	This question is confusing as it is not clear how such a requirement would apply to non-depository Applicants that do not offer and do not have the capacity to offer Financial Services ⁴ to meet CDFI Certification requirements? Would an applicant financing multifamily housing be required to offer checking or savings accounts? Moreover, unregulated Applicants (those that are not banks, bank holding companies, or credit unions) are not permitted to offer Financial Services which only compounds the confusion surrounding this question. The CDFI Fund should provide additional clarification regarding this question.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
218	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Primary Mission	This new policy may inadvertently pose a problem for established CDFIs in the following scenario. If a CDFI were seeking to recertify while at the same time considering an investment in a newly established affiliate, the start-entity would be deemed an Affiliate under the proposed certification guidelines. Often a start-up affiliate raises capital before making loans or investments and thus, such an entity would not meet the proposed Primary Mission test even though the existing CDFI would have had a Primary Mission in place for the 12 months prior to submitting its recertification application. We don't believe the CDFI Fund intends to preclude these types of investments by Applicants or CDFIs seeking to become certified or recertified and should clarify its position. <u>Recommendation:</u> The CDFI Fund should clarify that Applicants or CDFIs seeking to be certified may make investments into newly established Affiliates that have a Primary Mission of community development but which, as start-ups, have not had this mission in place for at least 12 months prior to the submission of their application.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
219	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Primary Mission	<u>Recommendation:</u> The CDFI Fund should seek further comment on the MAPR, giving CDFIs an opportunity to familiarize themselves and test this methodology on their loan products to determine if requiring this standard across the board would improve transparency and comparability without adding significant compliance burden. The Fund should also consider how this policy will affect CDFIs' lending activities when they are part of a larger transaction with other types of lenders, such as banks and credit unions, who are not required to use this APR calculation method.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
220	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Primary Mission	We recommend adding the following drop-down option to the current list in the proposed Certification Application -	The CDFI Fund has modified this question to include additional recommended options.

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						"Promote access to capital and credit for underserved small businesses". We believe this option would apply to a substantial segment of the CDFI industry focused on small business (but not microenterprise) lending.	Applicants also have the option to select "Other."
221	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Primary Mission	If the CDFI Fund intends to collect impact data, such as outputs and outcomes, they should do so through the Transaction Level Report (TLR), the proposed Certification Transaction Level Report (CTLR), or an impact reporting document rather than through the Certification Application as impact is not one of the criteria for becoming a certified CDFI. The Certification Application should not serve as a "backdoor" for the Fund to gather impact information.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
222	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Primary Mission	We ask the CDFI Fund to re-examine its approach to this question and determine if requesting a narrative in place of the current list of drop down options would be a better approach. The Fund should also consider the questions we raised above and, at the very least, we recommend that an option such as "Unable to access credit elsewhere" be added to the list of drop down options in Question PM09.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
223	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Primary Mission	The Fund needs to re-examine its approach to assessing an Applicant's Primary Mission through a detailed review of its Financial Products. We suggest considering alternative methods for evaluating Primary Mission which would include an analysis of an Applicant's Financial Product(s) as well as a careful review of its web presence, marketing materials, social media campaigns and any other pertinent information. We also see value in combining these two questions into a single narrative describing an entity's mission, its theory of change, and how its products and financing activities, advance positive community development in the markets or populations it serves. This would present a more complete picture than simply selecting a predetermined series of drop down options. It should be noted. the process outlined in question PM13 must be repeated for each Financial Product output selected. Some Applicants may find this process so laborious they simply choose fewer outputs to shorten the process and reduce the amount of information they must provide. The Fund should explore ways to obtain the information needed without placing undue burden on Applicants.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
224	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Primary Mission	CRF appreciates the CDFI Fund's objective of requiring lenders to fully disclosure the terms of their loans to borrowers so they can make informed decisions about taking on credit obligations. However, we encourage the Fund to review whether this question should apply to all small business loans products, such as the SBA 7(a) and other government-related small business loan products. Applying the same disclosure requirements to small business and consumer loans without careful consideration of whether	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						such an approach is meaningful for business loans, may result in inappropriate requirements for certain types of loans that provide little or no benefit for the customer.	
225	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Primary Mission	We request that the CDFI Fund clarify how this question would apply to CDFIs or Applicants using government loan programs, such as the SBA 7(a), that may preclude them from offering the concessionary terms described in PM20. Furthermore, it would be helpful for the Fund to reconcile its definition of a Financial Product (which excludes forgivable loans) with its references to forgiveness as a possible form of loan modification.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
226	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Financing Entity	Under Generally Accepted Accounting Principles (GAAP) accounting rules, many CDFIs are required to prepare consolidated financial statements. The CDFI Fund should align its Certification requirements for the Financing Entity test with GAAP rather than mandating that Applicants prepare non-consolidated fiscal year-to-date financial statements which would only impose additional reporting burdens on entities.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
227	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Target Market	The CDFI Fund should maintain its discretion related to the 60% threshold for the Target Market test.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
228	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Target Market	With the advent of a National Investment Area Target Market, we request the CDFI Fund implement the following policy changes: 1. Automatically grant CDFIs a blanket National Investment Area (IA) Target Market (assuming they can meet the Accountability requirements) so that they can address the critical need for credit in the COVID-19 crisis	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
229	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Accountability	2. Consider adopting the Accountability model applied to the certification of Community Development Entities (CDEs) in the New Markets Tax Credit Program for CDFIs that wish to have a National IA Target Market. To be a certified CDE, 20 percent of the governing or advisory board members must be accountable and can be accountable to larger geographic areas. For CDE certification, a governing or advisory board member can be "an employee or board member of a non-affiliated community-based or charitable organization that provides more than 50 percent of its activities or services to Low-Income Persons and/or LICs [Low-income Communities]. Utilizing the CDE Accountability requirements for CDFIs with a National IA Target Market will better align the CDFI and CDE Certification rules, simplifying reporting and regulatory requirements for Applicants participating in both programs.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
230	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Target Market	With all due respect, we find it unacceptable that the list of approved Target Market verification processes is still being developed and therefore, we are unable to comment or provide input on this crucial aspect of the Certification	The CDFI Fund has published separately a list of pre-approved Target Market assessment methodologies that Applicants and Certified CDFIs may use and rely upon to demonstrate that they

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						criteria. Recommendation: We strongly urge the Fund not to finalize the revised application until industry practitioners have had an opportunity to review and respond to this list of approved processes.	are serving their identified Target Markets and an accompanying Request for Comment. Comments on the methodologies will be reviewed before the list is finalized.
231	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Target Market	We are troubled that the process and the timeline for submitting unapproved Target Market verification methodologies to the CDFI Fund for approval have yet to be determined. It would appear the Fund has not anticipated or fully developed all aspects of the revised Certification Application and the supporting rules and/or guidance. The lack of detail and clarity makes it very challenging for CDFIs to operate, much less innovate new products and services, if they lack the certainty of how such offerings could affect their Certification Application and/or current Certification status. <u>Recommendation:</u> We strongly urge the CDFI Fund to develop and publish the details of this approval process prior to finalizing and implementing the revised Certification Application as well as the Annual Certification and Data Collection Report (ACR) and the Certification Transaction Level Report (CTLR), all of which will be directly affected by this process.	The CDFI Fund has published separately a list of pre-approved Target Market assessment methodologies that Applicants and Certified CDFIs may use and rely upon to demonstrate that they are serving their identified Target Markets and an accompanying Request for Comment. Comments on the methodologies will be reviewed before the list is finalized.
232	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Target Market	Proposed questions by CRF for which they would like comment: 1. Is there a list of "approved verification processes" and, if so, where can it be found?; 2. What is the process for requesting approval from the CDFI Fund of a new Target Market verification process?; 3. A large influx of requests to approve individual verification processes could overwhelm the CDFI Fund staff. How would such a situation be handled? What is the timeframe for review and approval of such a process? 4. Is there an opportunity to discuss or amend a proposed verification process should the Fund decline to accept a new verification process(es)? 5. What happens if you answer "No" to Question TM07? Would this prevent the Applicant from being certified without approval of its Target Market verification process? If so, this should be clearly stated in the Application along with guidance as to what Applicants in this situation should do.	The CDFI Fund has published separately a list of pre-approved Target Market assessment methodologies that Applicants and Certified CDFIs may use and rely upon to demonstrate that they are serving their identified Target Markets and an accompanying Request for Comment. Comments on the methodologies will be reviewed before the list is finalized.
233	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Target Market	As noted in our past comment letters, many CDFIs serving an LITP Target Market qualify or verify that their loans serve their approved Target Market(s) by looking through the borrower to the "end user or beneficiary" of the financing being provided. ... The absence of CDFI Fund guidance on how to verify that these loans are serving LITP "end users/beneficiaries" means each CDFI has developed its own approach and metrics for qualifying their small business loans balancing the need for information and the limited bandwidth of small firms. The absence of uniform industry standards for CDFIs means these organizations run the risk of	The CDFI Fund has published separately a list of pre-approved Target Market assessment methodologies that Applicants and Certified CDFIs may use and rely upon to demonstrate that they are serving their identified Target Markets and an accompanying Request for Comment. Comments on the methodologies will be reviewed before the list is finalized.

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						<p>unintentional non-compliance. We have requested the Fund develop specific protocols for verifying different types of loans or investments with input from industry practitioners based on the nature of the borrower or project and the “end users/beneficiaries”. CDFIs should be permitted to use various proxies (as described above) to easily qualify their loans and demonstrate they are directing their lending to their approved Targeted Population (TP) Target Market(s). The Fund should not implement a policy on Target Market verification processes without first seeking comments and detailed input from the CDFI industry and interested stakeholders on specific proxies and/or methodologies to be used to qualify financing activities that support “end users/beneficiaries”. The list of proxies should be regularly updated as CDFIs are continually finding new ways to serve “end users/beneficiaries. In the case of small business lenders serving a LITP Target Market, the Fund staff should solicit additional comments from CDFIs engaged in this type of financing to develop a specific set of protocols for this asset class. Due to the difficulties of qualifying all small business loans using a single methodology or measure, we recommend that CDFIs be allowed to demonstrate they are serving small business “end users/beneficiaries” based on one of the four approaches described above: lending to low-income business owners, businesses that hire low-income people; businesses that provide jobs accessible to low-income people; or whose employees live in low-income areas. There may be other ways to qualify small business loans serving “end users/beneficiaries” as well. We have provided additional comments in Certification Transaction Level Report (CLR) section below where we also address questions related to LITP Target Market verification processes.</p>	
234	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Target Market	<p><u>Recommendation:</u> We ask the CDFI Fund to respond to all the questions noted above, and strongly encourage the staff to seek input and feedback from the CDFI industry on this critical aspect of the certification criteria. Not doing so, runs the risk of upending existing Target Market verification processes and practices that CDFIs have used for decades and could place their certification status in jeopardy. The approved Target Market verification processes must be clearly stated and must entail reasonable data collection requirements that do not impose an undue burden on CDFIs or their customers. Finally, there must be a well-articulated path for Applicants to anticipate and address Fund staff concerns about the verification processes they propose to use. Without such assurances, new and existing CDFIs will be left in limbo, unable to deliver vital capital and credit to the communities and people that depend on them.</p>	<p>The CDFI Fund has published separately a list of pre-approved Target Market assessment methodologies that Applicants and Certified CDFIs may use and rely upon to demonstrate that they are serving their identified Target Markets and an accompanying Request for Comment. Comments on the methodologies will be reviewed before the list is finalized.</p>

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235	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Target Market	Noticeably absent from the drop down list of options for this question is a "Small Business Loan" option. We distinguish a Small Business Loan from a Small Dollar Loan and/or a Microenterprise Loan on the basis of size. As a national SBA 7(a) lender, CRF generally originates loans above \$150,000 and offers loans of up to \$5 million under the program guidelines. <u>Recommendation:</u> The CDFI Fund should add "Small Business Loan" to the drop down list included in Question TM03.1.	The CDFI Fund has modified this question to include additional recommended options. Applicants also have the option to select "Other."
236	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Target Market	<u>Recommendation:</u> The CDFI Fund should clarify what information it is seeking in Questions TM03.2 and TM03.3 and that it does not intend to certify Applicants only when there is an insufficient supply or level of Financial Product(s) or Financial Service(s) to avoid the appearance of credit allocation or to suggest that customers operating in Investment Area(s) should not have choices when seeking such Products or Services. These questions should be combined into a single narrative. Finally, these two questions are closely related and provide a clear example of where the revised Certification Application could be streamlined for efficiency purposes. Since both questions require the Applicant to provide a narrative, it would seem beneficial to combine the two into a single question and ask respondents to address both the need and the current availability of particular Financial Product(s) and/or Financial Service(s) within the Investment Area.	This question reflects the statutory requirement that an Investment Area have "significant unmet needs for loans or equity investments." The CDFI Fund significantly streamlined the data to be collected via this ICR and the data collected is specific and required for business purposes and compliance.
237	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Target Market	This question allows the Applicant to respond either in the affirmative or the negative. However, Questions TM07.1 and TM07.2 are predicated on a "Yes" response and assume that the CDFI has obtained separate approval for such a verification process. It offers no path or guidance for entities that answer "Yes" to this question but have not secured separate approval of their Target Market Verification process. <u>Recommendation:</u> This oversight should be addressed so Applicants know how to proceed if they are using a Target Market verification process that is not identified on the full list of approved Target Market verification processes and have not received approval from the CDFI Fund to use their process.	The referenced question has been modified to provide greater clarification.
238	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Development Services	Although the CDFI Fund asserts that it is not making any "substantive policy changes" to the Development Services section of the revised Certification Application, we are concerned by the subtle shift in the Fund's approach to this criteria. In particular, we were surprised by the addition of language characterizing Development Services as "a formal stand-alone"(emphasis added) training, counseling, or technical assistance service. This language was not contained in existing Certification guidance documents including, but not limited to, CDFI Fund Glossaries, the AMIS - Submission	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						<p>Guidance for CDFI Certification Application Updated – November 01, 2018, or the CDFI Certification Application Supplemental Guidance and Tips Updated – November 01, 2018. The addition of this language raises the question as to whether the Fund has changed its view on what kind of technical assistance activities meet the definition of Development Services? It is vital that the Fund maintain a flexible definition of Development Services so as to allow CDFIs to deliver the type and form of assistance that fits the needs of the customer rather than dictating a one-size-fits all approach to this important aspect of CDFI Certification. Inflexible parameters will limit CDFIs but even more importantly, they will rob customers, especially those that are underserved or operating in low- and moderate-income communities, of this critical element that can help them achieve their dreams through economic opportunity.</p> <p><u>Recommendation:</u> We urge the CDFI Fund to confirm its commitment to allow CDFIs to offer flexible, tailored, Development Services that reflect the needs of CDFI customers and the challenges they may be facing (e.g. the COVID-19 pandemic). Regardless of whether these services are delivered in person, through technology, as part of the lending process, and/or at a frequency that is best suited to the individual customer, it should be clear that such activities meet the criteria for CDFI Certification. Dictating the types of Development Services a CDFI provides to its customers will undermine the trust these organizations have built and the success they have achieved in helping to improve the economic health and well-being of low- and moderate-income communities and their residents.</p>	
239	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Accountability	<p>The Fund should confirm that a CDFI with a National IA Target Market can meet its accountability requirements by including at least one member of a national organization on its governing board (assuming this accountability method is being used) who is an “individual who works for (as an employee or board member) an organization that primarily provides services to residents of the Investment Area.”³⁸ (emphasis added) Of course the CDFI’s governing board must meet all the requirements of the new rules outlined above. It might be helpful to provide an example of how a CDFI could meet this new accountability requirement for the purposes of CDFI Certification. <u>Recommendation:</u> We encourage the CDFI Fund to issue additional clarifying guidance on two aspects of the Accountability requirements associated with the new National IA Target Market. First, we suggest the Fund provide specific guidance on the types of representatives of national organizations that could demonstrate accountability to this Target Market for CDFI Certification. Second, if a CDFI is able to satisfy the new</p>	<p>The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.</p>

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						Accountability criteria through its governing board, then such an entity would not be required to retain existing Advisory Boards previously established to comply with Accountability requirements for formerly designated statewide or regional IA Target Markets that are no longer applicable.	
240	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Accountability	We are pleased to see Question 16 in the Updated FAQs clarifies that a board member of a CDFI may meet the Accountability test for more than one Target Market. Allowing board members to represent more than one Target Market will make it much easier for Applicants and CDFIs to have manageably sized governing boards while serving a diverse set of Target Markets. We applaud this change as it will enable us to expand our Target Markets to include Targeted Populations we are already serving but for which we could not be certified as the Accountability requirements would have made our governing board unusually large and potentially unwieldy.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
241	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Accountability	We assume this question is only applies to the Accountability requirements for the governing boards of CDFIs serving OTP Target Markets and does not apply to such requirements for governing boards of CDFIs serving LITP Target Markets. We find it hard to believe that the CDFI Fund would not allow an employee or a board member of a CDFI (with an LITP Target Market) to provide accountability as a representative of an organization that serves low-income people or communities on the governing board of another CDFI. Otherwise, it would appear that CDFI employees / board members could only serve on the board of a CDFI that is serving other CDFIs (i.e. CDFI Intermediaries) or if the employee demonstrates accountability through another characteristic (such as race or ethnicity). This rule makes no sense for CDFIs with an LITP Target Market. Recommendation: The CDFI Fund should clarify that Question 17 of the Updated FAQs applies only to the Accountability requirements for OTP Target Markets and not for LITP Target Markets. We do not believe the Fund intends to restrict the ability of CDFI employees and/or board members serving an LITP Target Market(s) to provide accountability to such populations when serving on the governing boards of other CDFIs with a similar Target Market(s).	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
242	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Target Market	Recommendation: The CDFI Fund should refrain from finalizing new CDFI Certification documents and criteria until practitioners and industry participants have a reasonable opportunity to offer comments and input on potential LITP Target Market verification processes and protocols. Without standard processes or guidance from the CDFI Fund and due to the significant challenges of collecting household (family) income from small business employees, many CDFIs developed their own verification methodologies by using	The CDFI Fund has published separately a list of pre-approved Target Market assessment methodologies that Applicants and Certified CDFIs may use and rely upon to demonstrate that they are serving their identified Target Markets and an accompanying Request for Comment. Comments on the methodologies will be reviewed before the list is finalized.

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						proxies to confirm that their loans are being directed to low-income end users. This approach was modeled after similar practices used by CDFIs lending to affordable housing projects, charter schools, community health centers and other community organizations, where they routinely utilized low-income proxies (e.g. the Low Income Housing Tax Credit, students receiving free and reduced lunches, Medicaid eligible patients, etc.) to demonstrate that the end users or ultimate beneficiaries of their financing activities are low-income people. Small business lending CDFIs have relied on their own verification methodologies for many years, perhaps decades. To potentially upend them without a reasonable comment period and the opportunity to gain uniform Fund approval for a broader list of verification processes could have negative repercussions for the CDFI industry as well as the small businesses that depend on them.	
243	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	Target Market	Along with this new geocoding tool, the Fund needs to provide a detailed process and timeframe for reviewing and approving LITP methodologies developed by individual CDFIs in the event that this tool is not a suitable option for some entities. Finally, the Fund should not implement a final set of revised and/or new Certification documents and criteria until CDFI practitioners and industry participants have had an opportunity to provide comments and feedback on both the Census Block Group Geocoder as well as the Fund's process for vetting other LITP Target Market verification processes.	The CDFI Fund has published separately a list of pre-approved Target Market assessment methodologies that Applicants and Certified CDFIs may use and rely upon to demonstrate that they are serving their identified Target Markets and an accompanying Request for Comment. Comments on the methodologies will be reviewed before the list is finalized.
244	CRF (Requests for comments)	Frank Altman	CEO	11/4/2020	General	Section 1. Primary Mission / Community Development Strategy of the ACR states, "Currently certified CDFIs that received their certifications prior to the implementation of the revised application will be required to submit a revised Certification Application separately and will not be required to respond to this question in the ACR until such time." ⁴⁷ (emphasis added) This statement makes it clear that currently certified CDFIs will be required to be recertified by submitting a revised Certification Application. This requirement is not stated in the revised Certification Application itself and should be clearly reflected in that document. <u>Recommendation:</u> The CDFI Fund should clearly indicate that all currently certified CDFIs will be required to prepare and submit a revised CDFI Certification Application to demonstrate adherence to and compliance with the new Certification criteria once it has been implemented. The Fund should also provide a timeframe within which certified CDFIs will be expected to submit this Application and the process that will be used to ensure timely review and recertification of these organizations.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
245	CRF (Requests for clarification)	Victoria E. Stein	Vice President of Policy &	8/4/2020	Target Market	Only those Target Market verification processes approved by the CDFI Fund may be used when compiling Target Market	The CDFI Fund has published separately a list of pre-approved Target Market assessment

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	of terms and procedures)		Strategic Partnerships			data,” and refers to “the full list of approved CDFI Fund verification processes.” 1. Does such a list exist or is it being developed? If so, where can it be found? 2. Does the list include methods to account for LITP end users by project type (e.g. affordable housing, community facility, charter school, health center, childcare center, etc.)? 3. We assume these approved processes are an alternative to the CIMS Census Block Group method which would be used if the Applicant / CDFI did not wish to use an approved CDFI Fund verification process”. Are we correct?	methodologies that Applicants and Certified CDFIs may use and rely upon to demonstrate that they are serving their identified Target Markets and an accompanying Request for Comment. Comments on the methodologies will be reviewed before the list is finalized.
246	CU Strategic Planning	Stacy Augustine	President/ CEO	9/2/2020	Target Market	Section III (page 6) of the proposal allows a CDFI to document Financial Services based on qualified Investment Area and LITP Census block assessments. This method is very helpful and creatively overcomes a difficult barrier for organizations that are providing Financial Services to a consumer, but haven't collected information on the consumer's income.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
247	Credit Union National Association (CUNA)	Alexander Monterrubio	Senior Directory of Advocacy & Counsel	11/5/2020	Application	We strongly believe the proposed revisions to the certification application fail to achieve these goals nor would they further the purposes of the CDFI Program. In fact, the proposed application changes could ultimately serve as unnecessary barriers for qualified credit unions to access the CDFI designation. In addition, the proposed amendments were not supported by relevant research, not developed in coordination with relevant stakeholders, and do not clearly state how and why the current program application needs such substantial revision. As a result, the proposed application would ultimately discourage new credit unions' interest in the CDFI program and could potentially harm the credit unions currently participating.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
248	Credit Union National Association (CUNA)	Alexander Monterrubio	Senior Directory of Advocacy & Counsel	11/5/2020	Basic Information	In the proposed Basic Information section, the proposal would include ten questions requiring a credit union to demonstrate its board is democratically elected. As all credit unions are required by law to be democratically controlled cooperatives, the addition of multiple questions on this subject is redundant and unnecessary. In the aggregate, this proposal would only serve to increase the time and cost to complete the CDFI Certification Application, which could have a detrimental effect on participation.	The CDFI Fund agrees with this comment and has eliminated the referenced questions in the Basic Information section of the Application.
249	Credit Union National Association (CUNA)	Alexander Monterrubio	Senior Directory of Advocacy & Counsel	11/5/2020	Primary Mission	The proposed Primary Mission section fails to recognize that CDFI-designated credit unions already operate pursuant to comprehensive regulatory requirements implemented by the National Credit Union Administration (NCUA) and the Consumer Financial Protection Bureau (CFPB). Under the regulation and supervision of these federal regulators, not to mention relevant state laws, credit unions comply with a host of rules meant to be a safeguard against anti-consumer products and practices. Despite this fact, the proposed Primary Mission section would add a series of questions	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.

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						about each and every financial product and service offered by the credit union – all in the name of demonstrating the credit union is complying with CDFI principles. These additions would unjustifiably add to the overall time and cost of completing the CDFI application.	
250	Credit Union National Association (CUNA)	Alexander Monterrubio	Senior Directory of Advocacy & Counsel	11/5/2020	Primary Mission	It is particularly troubling that the proposed application would ask additional questions for all the applicant’s product offerings regarding the annualized rate of interest and other fees charged to borrowers. In particular, for purposes of calculating this rate, the Fund would require applicants to use the methodology prescribed in 32 CFR § 232.4 of the Military Lending Act (MLA) (referred to as the Military Annual Percentage Rate (MAPR)) – irrespective of the borrower’s status as an active duty servicemember or dependent. Evaluating all products using the MAPR would not only misunderstand the MLA’s definition of a covered borrower, but is an attempt to create an across-the-board standard for evaluating consumer financial products that does not reflect the realities of the consumer credit market nor how finance charges are calculated for non-MLA borrowers. If adopted, these questions could inadvertently result in the arbitrary cessation of or reduction in the availability of products that might have a seemingly high MAPR or “all-in” cost of credit but reflect reasonable pricing determinations.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
251	Credit Union National Association (CUNA)	Alexander Monterrubio	Senior Directory of Advocacy & Counsel	11/5/2020	Primary Mission	Federal credit unions, unlike other financial institutions, comply with a usury cap determined by the Federal Credit Union Act and the NCUA Board. ⁴ The current 18 percent cap applies to all federal credit union loans except originations made under NCUA’s consumer-friendly Payday Alternative Loan program, which are capped at 28 percent. ⁵ NCUA’s long held practice is to follow the definition of “finance charge” found in section 1026.4(a) of Regulation Z, not the MLA’s “all-in” MAPR, to determine compliance with the usury cap. ⁶ State-chartered credit unions comply with usury laws set by their respective jurisdictions. Using the MAPR as the exclusive lens through which to evaluate all consumer credit products is inappropriate and we strongly object to the CDFI Fund adopting this change.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.
252	Credit Union National Association (CUNA)	Alexander Monterrubio	Senior Directory of Advocacy & Counsel	11/5/2020	Application	Concerned that the proposed certification application changes could create unnecessary barriers to accessing the program for community-based credit unions.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
253	Credit Union National Association (CUNA)	Alexander Monterrubio	Senior Directory of Advocacy & Counsel	11/5/2020	General	The Fund should reconsider this proposal and instead focus on evaluating its credit union participants by further developing a partnership with the NCUA and using the information collected by NCUA during its routine examination process to encourage greater CDFI participation.	The CDFI Fund has made significant changes to the ICR based on comments received and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.

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254	Economic Opportunities Fund	Lynne Cutler	President	11/4/2020	Basic Information	In the Definition section, it is stated that the CDFI Fund recognizes loans as a type of Financial Product but it stipulates that this “does not include forgivable loans, unless pre-approved by the CDFI Fund”. Regarding loan products such as paycheck protection, EOF recommends that forgivable loans—especially those funded by the Federal government—be included automatically.	This comment is not pertinent to this ICR. This ICR collects the data that the CDFI Fund needs to ensure that CDFIs continue to meet the requirements to be certified CDFIs.
255	Economic Opportunities Fund	Lynne Cutler	President	11/4/2020	Accountability	<p>The new guidance on formally established board and advisory council structures removes the geographic connection from the source of board member accountability to conform with the removal of the geographic boundaries for most Target Markets. It sets clear board member percentage standards: Applicants with formally established governing boards must demonstrate that — BOARD</p> <ul style="list-style-type: none"> · At least one governing board member is accountable to each proposed Target Market component; and · At least 33% of the governing board is accountable to the proposed Target Market(s) <p>ADVISORY BOARD</p> <ul style="list-style-type: none"> · At least one advisory board member is accountable to each proposed Target Market; · At least 60% of the advisory board is accountable to the proposed Target Market(s); · At least 20% of the governing board members are accountable to the proposed Target Market; and · At least one governing board member has a seat on the advisory board. <p>The new criteria present a challenge for EOF which has, in the past, achieved accountability through a combination of its Board and Advisory Board. The Advisory Board, which reviews all loan applications, is comprised of lenders, community representatives and small business owners. In the past, EOF used its Advisory Board as a supplement to its Board to meet its target market as well as to garner the Advisory Board members' specialized skills—e.g., lending.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
256	Enterprise Community Loan Fund, Inc.	Lori Chatman	President	11/4/2020	Application	While we are supportive of the majority of the proposed changes, we have several comments and suggested language. Our goal in making these suggestions is to ensure that the proposed language does not have the unintended consequence of creating barriers for long standing and new CDFIs to continue to serve distressed communities.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
257	Enterprise Community Loan Fund, Inc.	Lori Chatman	President	11/4/2020	Primary Mission	We are supportive of most of the proposed changes under the Affiliates definition and suggest that the language be broader as many CDFIs have affiliates that serve and support low income communities, though the mission of these affiliates may be broader in scope and therefore not their “primary” mission. The organizational structure of many	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						CDFIs and their Affiliates are diverse and encompass varying operational and legal structures. While the organizational documents of CDFI Affiliates may reflect a broad mandate of permissible corporate purposes, CDFI Affiliates often operate in a manner that is substantially mission-aligned with CDFI applicants and parent entities, by devoting substantial operational and financial resources towards activities to support their missions of serving low income communities.	
258	Enterprise Community Loan Fund, Inc.	Lori Chatman	President	11/4/2020	Primary Mission	Recommendation #1: The CDFI Fund should look at "primary" mission more broadly. Many CDFIs have numerous Affiliates that support and act in furtherance of their mission of serving low income communities and community development, (e.g., through their operations, revenues, and staff), though such Affiliates may not have a stated primary purpose of promoting community development in their constitutive documents.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
259	Enterprise Community Loan Fund, Inc.	Lori Chatman	President	11/4/2020	Primary Mission	Recommendation #2: Affiliates of nonprofit CDFIs contributing cash or other resources to the CDFI Certification Applicant, Affiliates and/or the Parent Company, should satisfy the primary mission test as long as such contributions serve distressed communities.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
260	Enterprise Community Loan Fund, Inc.	Lori Chatman	President	11/4/2020	Primary Mission	Recommendation #3: A CDFI Certification Applicant Affiliate which serves underserved markets through approved federal affordable housing programs, such as Fannie Mae, Freddie Mac, FHA, and USDA, should be deemed to satisfy the "Documenting Mission and Community Development Strategy" test. CDFI Certification Applicants or Affiliates that provide loans through these highly-regulated federal programs, which are directed by statute to underserved communities, should automatically meet the Documenting Mission and Community Development Strategy sections of the Primary Mission test.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
261	Enterprise Community Loan Fund, Inc.	Lori Chatman	President	11/4/2020	Primary Mission	We propose the following language under the "Affiliates" definition: "Affiliates: Parent entities of all Applicants for CDFI Certification, as well as any of their Affiliates that provide Financial Products or Financial Services must provide evidence of a primary mission of community development <u>that their activities are mission aligned with the CDFI Applicant and supporting community development activities</u> , except if the parent or Affiliate is a tribal government (enhancing an existing rule currently applied solely to DIHCs, Affiliates of DIHCs and Subsidiaries of insured depository institutions)."	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
262	Enterprise Community Loan Fund, Inc.	Lori Chatman	President	11/4/2020	Accountability	We suggest that the proposed language about governing board and advisory board accountability, as well as those requirements around specific percentages for representation be eliminated and continue to follow the current accountability requirements. This would allow CDFIs with an	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						established and robust commitment from its boards to maintain the flexibility to recruit board members and advisory members who bring a diverse set of experiences and skills. A CDFI that is able to demonstrate representation reflective of the interests of "end-beneficiaries" on its governing and/or advisory board should be deemed to satisfy this threshold without being subject to the new prospective requirements.	
263	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Basic Information	When completing the Basic Information section, applicants will be asked to complete an array of questions for each of their products, such as providing the earliest date that a transaction in each product was closed, in addition to providing a "free response" description for each. Many CDFIs offer dozens of products, and the requirement to provide these details for each product offered by the applicant and any affiliates may add considerable burden.	The CDFI Fund significantly streamlined the data to be collected via this ICR and the data collected is specific and required for business purposes and compliance.
264	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Basic Information	As an alternative, the CDFI Fund may consider requesting this level of detail at the level of product purposes, so that applicants could instead describe the range of their product offerings within a given purpose rather than describing each product offering separately. FUND Consulting believes that this change would both reduce applicant burden and improve the quality of information provided by applicants.	The CDFI Fund significantly streamlined the data to be collected via this ICR and the data collected is specific and required for business purposes and compliance.
265	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	General	Relating to the question of implementation of the new Certification application, FUND believes that implementing quarterly deadlines for submission of new Certification applications would make the process more time intensive for applicants. There are often technical issues relating to the application and particularly the CIMS mapping system that require follow-up with CDFI Fund staff. Navigating these issues could prevent applicants from submitting ahead of the submission deadline, even if they have started the application process well ahead of time. The introduction of the CTLR is likely to increase the need for this type of follow-up, causing more organizations to miss quarterly deadlines.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
266	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Primary Mission	FUND believes that the structure of the Primary Mission section can be improved to capture this detail in a manner that is more in line with the way that organizations think about their mission and work. Additionally, FUND believes that additional clarification is needed to describe how responses to the Primary Mission section of the application result in an applicant meeting or failing to meet the requirements for Certification.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
267	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting	Partner, Senior Consultant, Senior Consultant	11/5/2020	Primary Mission	FUND believes that the proposed structure of the community development strategy, with applicants selecting objectives from a list that are then individually associated with outcomes that are in turn associated with discrete qualities of product offerings, is not in line with the way that organizations conceive of their work.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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		Team					
268	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Primary Mission	Given that the product characteristics listed seem to have been selected because of their benefit to underserved populations, it is not clear what utility is added by the requirement that applicants provide support for the positive impacts of each individual product characteristic. FUND believes that this structure will add burden to the process of completing the application without improving the quality of information collected by the CDFI Fund.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
269	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Primary Mission	FUND recommends that the CDFI Fund instead ask applicants to describe their community development strategy as referenced in their internal business planning documents and ongoing business practices. After articulating this strategy in their own terms, applicants could then be asked to describe how their products and services carry out this strategy and achieve impacts in the community. While this method would be more in line with the Primary Mission section of the Certification application as it currently exists, the requirement that applicants reference internal planning documents would help ensure that CDFIs set community development objectives and plan their activities in order to accomplish these objectives. This alternative structure would not result in standardized data among applicants as the current proposed structure would facilitate, but it would likely improve the ability of applicants to meaningfully convey their strategy and how they execute it, improving the CDFI Fund's ability to evaluate their fulfillment of the Primary Mission requirement.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
270	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Primary Mission	If the CDFI Fund prefers to leave the current structure as it has been proposed, applicant burden could be reduced by requiring PM13 responses only when applicants select product characteristics of "Other."	The CDFI Fund has eliminated the referenced question and significantly streamlined the Community Development Strategy data to be collected via this ICR.
271	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Basic Information	FUND recognizes that the range of information requested in the "responsible financing practices" section is relevant to the question of Primary Mission and that the CDFI Fund's ability to evaluate these practices is an important component of deciding whether an organization is carrying out a community development mission. FUND notes that while product interest rates are mentioned in the financial product descriptions component of the Basic Information section, applicants are not currently instructed to provide their products' rates in any standardized fashion—the CDFI Fund may wish to explicitly request that applicants provide weighted average interest rates for each product category in order to ensure standardized information is provided among applicants.	The CDFI Fund agrees with this comment and has modified the Basic Information it collects on an Applicant's Financial Products to include information on interest rates.

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272	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Primary Mission	FUND understands that as part of the public comment process the CDFI Fund is currently evaluating whether any particular activities should be required or prohibited for organizations to be certified as CDFIs. Once the CDFI Fund has arrived at a decision regarding this question, FUND urges that the application state transparently whether any of particular responses, such as the use of debt collectors, or a failure to offer low-cost checking accounts, would result in the applicant not meeting the Primary Mission requirement. This transparency would ensure that organizations are able to modify their activities where necessary to meet best practices in the CDFI industry and comply with CDFI certification requirements.	The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.
273	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Primary Mission	FUND recommends that applicants be given the opportunity to explain responses to questions PM25-28 if not attesting affirmatively.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
274	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Financing Entity	In particular, FUND is strongly supportive of two of the proposed changes to the Financing Entity requirement. First, FUND strongly believes that the CDFI Fund's updated definition of predominance, that the provision of financial products and services no longer needs to represent the majority of a CDFI's assets and staff time, but rather, needs to be the activity that represents the greatest share of assets and time, will be extremely beneficial for many CDFIs, particularly those engaged in real estate development.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
275	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Financing Entity	Second, FUND believes that the provision for Spinoff entities will aid larger organizations in leveraging existing resources to reduce the time needed to apply for Certification while still ensuring that the newly certified entity meets all of the criteria for CDFI certification.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
276	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Target Market	FUND Consulting is strongly supportive of the CDFI Fund's proposal to remove geographic boundaries from CDFI Target Market lending. FUND believes that this change will enable CDFIs to be more responsive to geographic shifts in where distressed and underserved communities are located within their Target Markets over time. FUND also strongly supports the CDFI Fund's proposal to assess Target Market lending based on a three-year average for currently Certified CDFIs. FUND believes this proposal will generate many benefits for CDFIs as well we the communities they serve, including: <ul style="list-style-type: none"> • Providing CDFIs with much needed flexibility during natural disasters and economic downturns; 	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						<ul style="list-style-type: none"> • Enabling CDFIs to ensure the long-term financial stability of their organizations; • Allowing CDFIs to more rapidly respond to geographic shifts in need and demand within the communities they serve; • Reflecting more accurately a CDFI's ongoing ability to serve their identified Target Market. 	
277	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Target Market	FUND strongly urges the CDFI Fund to eliminate the new 85% financial activity requirement for Custom IAs. Ideally, FUND believes that CDFIs should be allowed to count all lending within their Custom IA toward Target Market lending since in order to serve a Custom IA, the area in aggregate must meet the CDFI Fund's qualifications for an Investment Area.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
278	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Target Market	if the CDFI Fund is concerned that the majority of a CDFI's activity is taking place far away from qualified tracts, FUND proposes that the CDFI Fund allow CDFIs to count activity in non-qualified tracts that are contiguous to qualified tracts in the 85% requirement. This would align with the way that the CDFI Fund, in particular with the BEA program, and other Federal programs give CDFIs credit for activities that occur in census tracts that are contiguous to, but not in, fully qualified tracts.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
279	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Target Market	FUND supports the CDFI Fund's efforts to allow depository CDFIs to use a combination of financial product and service activity to demonstrate that they meet the Target Market lending criteria. However, in FUND's experience working with CDFI depository institutions, many of these institutions have thousands of depository accounts at any point in time. Additionally, CDFIs do not always have an address associated with each depository account. Even if they did, FUND routinely encounters system outages and slow processing times within the CDFI Fund's geocoding and TLR report systems, meaning it would be practically impossible to report all of those accounts in a TLR in a timely manner. Therefore, FUND recommends that the CDFI Fund introduce the new ability to meet the Target Market lending criteria using financial service activity only if the CDFI Fund can make significant upgrades to its current software systems.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
280	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Target Market	FUND also recommends that, rather than ask for information on each individual deposit account for the purposes of calculating Target Market activity, that the CDFI Fund instead ask CDFIs to report on the number of households that have at least one deposit product at the bank. Based on CDFI bank customer experience, higher income households located outside of the Target Market often have multiple types of deposit accounts with a bank to serve a wide variety of needs, such as a money market account, checking account, high yield savings account, etc. Alternatively, lower income households often have a smaller number of deposit accounts,	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						but are highly reliant upon these products for their financial well-being. As such, counting the number of deposit accounts alone could skew Target Market activity as higher income households likely to be located outside of the Target Market may be counted more frequently than lower income households. Asking banks to report on the number of households to be served, which could easily be done by looking at the number of accounts with the same address information, would more accurately capture the number of families located within a CDFI's Target Market that are benefitting from a CDFI's services.	
281	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Target Market	FUND suggests that the CDFI Fund continue requiring CDFI DIHCs that use their affiliate bank's activity to fulfill Target Market lending requirements to meet the requirement alongside their affiliated bank entity, but not include other affiliate entities into the collective Target Market requirement.	The requirement that a Depository Institution Holding Company (DIHC) or any Affiliate of a DIHC, meet the CDFI Certification requirements based on an individual review of its compliance with those requirements, as well as a collective review of the DIHC and its Affiliates is a statutory requirement.
282	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Development Services	FUND believes that the CDFI Fund's new definition of development services as "a formal stand-alone training, counseling, or technical assistance service . . . that the entity offers separately and distinctly from its other products/services" as well as the elimination of "Non-structured conversations with consumers on Development Services subject matter" as an eligible development service will hinder CDFIs' ability to provide borrowers with tailored and applicable development services when they are most needed.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
283	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Accountability	While FUND appreciates the CDFI Fund's efforts to provide more flexibility in meeting the accountability requirements, FUND recommends the CDFI Fund reconsider the proposed change that only having one board member accountable to each Target Market is enough to show Accountability as it goes against best practices in Diversity, Equity, and Inclusion (DEI). As such, FUND recommends the CDFI Fund instead implement the standard currently utilized for NMTC accountability: at least 2 members of a board, or 30% of the overall board, is required to be accountable to the Target Market, whichever is the greater number of board members.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
284	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Target Market	Along these lines, we also recommend the CDFI Fund reconsider the use of the word "Other" in "Other Targeted Population" as the term is seen by many to be diminishing to the population referenced. FUND recommends the CDFI instead use "Targeted Population."	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
285	FUND	Manjima	Partner,	11/5/2020	Accountability	Finally, our team appreciated the CDFI Fund's clarification in	This comment is not pertinent to this ICR;

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	Consulting	Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Senior Consultant, Senior Consultant			the comment letter FAQs that being an employee of a CDFI with an OTP alone does not suffice for accountability, and that the individual would still need to be a member of the population to meet the accountability requirements. This will further ensure that CDFIs are again employing DEI best practices. We recommend the CDFI Fund take this same approach for all OTPs, including Persons with Disabilities.	however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
286	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Accountability	the proposed requirement that organizations meeting the Accountability requirement through Advisory Boards also maintain a 20% level of Accountability through their Governing Board is likely to be problematic for many CDFIs, with CDFI banks especially likely to face challenges.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
287	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Accountability	FUND requests that in finalizing the new Certification application the CDFI Fund clearly state any concrete requirements that exist in assessing the operations of Advisory Boards—for example, whether any particular process is required for organizations in selecting their Advisory Boards or for Advisory Board members in obtaining input from the Target Market.	The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.
288	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Accountability	FUND recommends that the CDFI Fund continue its practices of following up to request additional information from applicants when it is not clear whether a Board member is accountable rather than instituting these inflexible standards.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
289	FUND Consulting	Manjima Bose, Maggie Brennan, Daniel Sloan, & the Fund Consulting Team	Partner, Senior Consultant, Senior Consultant	11/5/2020	Non-Government Entity	FUND recognizes that the Non-Government Entity section of the application is substantially unchanged from the current Certification process and does not have comments to share related to this aspect of the application.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
290	Hope: Credit Union, Enterprise Corporation, Policy Institute	William J. Bynum and Diane Standaert	Chief Executive Officer; Director, Hope Policy Institute	11/5/2020	Basic Information	Recommendation 1. 1. Gather information on the race and ethnicity demographics of CDFI leadership, ownership, and borrowers and communities served by all certified CDFIs. Currently, the CDFI Fund does not gather information about the race and ethnicity of CDFI leadership or ownership for all certified CDFIs....This information gap creates a tremendous information gap for the CDFI Fund and the CDFI industry as whole to measure the extent to which the CDFI Fund resources are equitably distributed and sufficiently reaching borrowers and communities of color. The proposed CDFI certification and annual reporting requirements do not fill these gaps. The data gathered by the proposed CDFI certification application and annual report do not require any data about the race or ethnicity demographics of	The CDFI Fund will collect Basic Information data on the demographics of an Applicant's governing board and executive staff.

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						communities served by CDFIs. It only requires information about the race of the borrower if the CDFI has chosen to meet its Target Market test through meeting the needs of a racial or ethnic group as part of the Other Targeted Population option. The current certification and annual report process allows CDFIs to avoid the issue of race or ethnicity altogether by choosing its Target Market based on Investment Area and/or Low-Income Population.	
291	Hope: Credit Union, Enterprise Corporation, Policy Institute	William J. Bynum and Diane Standaert	Chief Executive Officer; Director, Hope Policy Institute	11/5/2020	Basic Information	<p>While it is encouraging to see that the proposal asks whether the applicant is a Minority Depository Institution (MDI) or not; there is no proposed definition for a MDI and it is unclear how this would apply to non-depository loan funds, many of which are minority-led. As such, to ensure robust gathering of this information, while balancing a variety of CDFI business models, the CDFI Fund should include the following questions in the Basic Information section of the CDFI Application and collected annually from all CDFIs:</p> <ul style="list-style-type: none"> · Is the CDFI designated as a MDI by the FDIC or NCUA? · What is the race, ethnicity, and gender of the CDFI's CEO/Executive Director/President? · Are more than 50% of the Board of Directors minority individuals? <p>"Minority" should be defined as any person who is Black American, Hispanic American, Asian American, Native American, Native Alaskan, Native Hawaiian, or Pacific Islander.</p> <p>The CDFI Fund should make this information publicly available as part of the information on the spreadsheet of certified CDFIs available on the CDFI Fund website....The information gathered above should also be part of the public reporting for CDFI Fund awardees.</p>	The CDFI Fund will collect Basic Information data on the demographics of an Applicant's governing board and executive staff.
292	Hope: Credit Union, Enterprise Corporation, Policy Institute	William J. Bynum and Diane Standaert	Chief Executive Officer; Director, Hope Policy Institute	11/5/2020	Target Market	<p>CDFI Fund should also gather data about how well CDFIs are providing Financial Products to borrowers and communities of color, regardless of the method chosen to meet its Target Market. Towards this end, the CDFI Fund should require, as part of the certification and annual reporting, CDFIs to provide the following information:</p> <ul style="list-style-type: none"> · Over the last three years, did the CDFI provide more than 50% of its lending, in number and dollar amount, to census tracts where more than 50% of the residents are minority? 	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
293	Hope: Credit Union, Enterprise Corporation, Policy Institute	William J. Bynum and Diane Standaert	Chief Executive Officer; Director, Hope Policy Institute	11/5/2020	Target Market	<p>Recommendation 2. Preserve the geographic boundaries of the Target Market test, and preserve the 60% threshold for Financial Products even if Financial Services are also considered for depository institutions' Target Market test. As currently proposed, two significant changes to the Target Market test - removal of geographic boundaries and lowering of the required lending threshold into the Target Market - raises significant concern. In each individual proposal scenario and particularly when combined, these will</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						allow CDFIs, particularly depositories, to be located in and take deposits from underserved Target Markets while having a diminished obligation to lend in those same communities.	
294	Hope: Credit Union, Enterprise Corporation, Policy Institute	William J. Bynum and Diane Standaert	Chief Executive Officer; Director, Hope Policy Institute	11/5/2020	Target Market	HOPE urges the CDFI Fund to preserve geographic boundaries for Target Market tests. The removal of geographic boundaries risks diluting the amount of resources invested in the hardest to serve communities. If CDFIs can chose economically distressed census tracts anywhere in the country, then it is likely more national CDFIs will chose to invest in the tracts in larger, urban areas rather than reaching into harder to serve tracts with deeper poverty rates and fewer resources such as rural and majority people of color communities. Maintaining the geographic boundaries helps ensure that regional and local CDFIs remain competitive in the application process for scarce resources to serve the hardest to reach areas in any given market.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
295	Hope: Credit Union, Enterprise Corporation, Policy Institute	William J. Bynum and Diane Standaert	Chief Executive Officer; Director, Hope Policy Institute	11/5/2020	Target Market	An additional concern is that there are weaker ties for community accountability if the CDFI is not located in the market, particularly when coupled with the proposed removal of geographic requirements for the Board members in relation to the target markets served. As such, HOPE is concerned that this proposal will further disadvantage CDFIs with a long track record serving the most economically distressed areas.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
296	Hope: Credit Union, Enterprise Corporation, Policy Institute	William J. Bynum and Diane Standaert	Chief Executive Officer; Director, Hope Policy Institute	11/5/2020	Target Market	To the extent that the CDFI Fund does chose to let lenders count activities outside of their geographic boundaries towards the Target Market test, it should be in limited circumstances. Specifically, it should only be activity in investment areas in persistent poverty counties or to investment areas in times of national crisis, such as COVID-19 where CDFIs expanded to meet emergency needs in areas beyond their geographic footprint.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
297	Hope: Credit Union, Enterprise Corporation, Policy Institute	William J. Bynum and Diane Standaert	Chief Executive Officer; Director, Hope Policy Institute	11/5/2020	Target Market	HOPE agrees with the proposal that depository accounts should be the only Financial Services be counted towards this test. The count, however, should be by number of unique customers with an account(s) rather than number of individual accounts, and it should be based on the address of the customer/member.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
298	Hope: Credit Union, Enterprise Corporation, Policy Institute	William J. Bynum and Diane Standaert	Chief Executive Officer; Director, Hope Policy Institute	11/5/2020	Target Market	Rather than allowing a lower threshold for Financial Products, the CDFI Fund, in its operationalization of accounting for Financial Services as part of the Target Market Test, should require for both Financial Services and Financial Products, that 60% each reach the designated Target Market.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
299	Hope: Credit Union, Enterprise Corporation, Policy Institute	William J. Bynum and Diane Standaert	Chief Executive Officer; Director, Hope Policy	11/5/2020	Primary Mission	Recommendation 3. Ensure the quality of products and practices build and protect, rather than strip, wealth from borrowers and communities served by CDFIs. HOPE concurs with the CDFI Fund's goal of these proposed revisions "to maintain the integrity of what it means to be a certified CDFI	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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			Institute			from a mission perspective." The quality of products and services offered cannot be separated from to question of how CDFI's fulfill their mission of serving economic distressed communities. HOPE is generally supportive of the information the CDFI proposes to gather, and would like to highlight three specific areas of note: pricing, mortgage loans, and debt collection practices.	
300	Hope: Credit Union, Enterprise Corporation, Policy Institute	William J. Bynum and Diane Standaert	Chief Executive Officer; Director, Hope Policy Institute	11/5/2020	Primary Mission	HOPE affirms the gathering of information about pricing in terms of the Military annual percentage rate (MAPR), and urges the Fund to prohibit certified CFDIs from making loans in excess of 36% MAPR (unless lower as required by state law).	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
301	Hope: Credit Union, Enterprise Corporation, Policy Institute	William J. Bynum and Diane Standaert	Chief Executive Officer; Director, Hope Policy Institute	11/5/2020	Primary Mission	HOPE also urges the CDFI Fund to require CDFI mortgage loans to be compliant with qualified mortgage (QM) standards as provided in the Dodd-Frank Wall Street Reform and Consumer Protection Act. In summary, this means: (a) no negative amortization, interest-only payments, or balloon payments; (b) adjustable rate mortgages underwritten at the maximum rate in the first five years; (c) original maximum term of 30 years; and 4) total points and fees generally not exceeding three percent of the loan amount.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
302	Hope: Credit Union, Enterprise Corporation, Policy Institute	William J. Bynum and Diane Standaert	Chief Executive Officer; Director, Hope Policy Institute	11/5/2020	Primary Mission	The CDFI Fund is correct to examine the debt collection practices of CFDIs to ensure they are not also a contributing factor.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
303	ICBA Independent Community Bankers of America	Michael Emancipator	Vice President and Regulatory Counsel	11/5/2020	General	While ICBA strongly supports the mission of all CFDIs and the Fund's efforts to effectively oversee and manage the program, we are concerned that the proposed changes discussed in the Notice will harm existing CDFI banks and significantly deter interest from new CDFI applicants. This will have the net effect of diminishing the number of CDFI banks in the country, and as such, threaten the survival of the program. The Fund has neglected to clearly articulate whether the existing program parameters are deficient, and if so, how the proposed changes would remedy those deficiencies. Further, if such deficiencies do exist, ICBA urges the Fund to explore how alternative solutions might better achieve the desired remedies.	The CDFI Fund has made significant changes to the Information Collection Request (ICR) based on comments received and data collected is specific and required for businesses purposes and compliance.
304	ICBA Independent Community Bankers of America	Michael Emancipator	Vice President and Regulatory Counsel	11/5/2020	General	The CDFI Fund should articulate why changes are required, and seek comment on those reasons, before proposing these changes. The Fund contends that the proposed changes in the Notice reflect the comments raised in the 2017 review, yet there is no substantive discussion of how the proposed changes "reflect and represent" the evolving nature of CFDIs, nor is there discussion of how CFDIs are "evolving," and why such	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						changes are necessary.	
305	ICBA Independent Community Bankers of America	Michael Emancipator	Vice President and Regulatory Counsel	11/5/2020	Primary Mission	Community banks already comply with several dozen consumer finance laws and regulations, aimed at creating a responsible lending environment.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.
306	ICBA Independent Community Bankers of America	Michael Emancipator	Vice President and Regulatory Counsel	11/5/2020	Primary Mission	Further, these community banks, regardless of CDFI status, are annually examined and audited to ensure compliance with these consumer protection laws.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.
307	ICBA Independent Community Bankers of America	Michael Emancipator	Vice President and Regulatory Counsel	11/5/2020	Primary Mission	While the Fund's stated intention behind this proposal - ensuring that financial institutions originate responsible products - ICBA contends that every community bank already does, and each federal or state banking agency ensures that responsibility.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.
308	ICBA Independent Community Bankers of America	Michael Emancipator	Vice President and Regulatory Counsel	11/5/2020	Primary Mission	In addition to ensuring responsible products originated in compliance with consumer protection laws are adhered to, the federal and state banking agencies are also charged with ensuring the safety and soundness of banking operations. The state and federal banking agencies are already experienced to consider this delicate balance when examining community banks. However, if the CDFI Fund were to supplant the FDIC's or other regulatory entity's judgement with its own, then regulated and federally-insured community banks will be caught in the middle between two governing bodies. The proposal does not attend to safety and soundness concerns with which community banks must contend.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.
309	ICBA Independent Community Bankers of America	Michael Emancipator	Vice President and Regulatory Counsel	11/5/2020	Primary Mission	In terms of accountability and responsibility to their communities, community banks are once again unique among all CDFIs entities in that they must adhere to the Community Reinvestment Act ("CRA"). Through CRA exams and public reports, community banks already produce the information that the Fund proposes to collect. Rather than creating a new, redundant reporting mechanism on community banks, ICBA urges the Fund to collaborate with the FDIC, FRB and OCC to collect data that can already be ascertained through the normal course of CRA examinations and reports.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.
310	ICBA Independent Community	Michael Emancipator	Vice President and Regulatory	11/5/2020	General	The Fund needs to reexplore how it can protect the CDFI brand by tamping out bad actors without unintentionally discouraging and burdening good actors. Failure to do so will	The CDFI Fund has made significant changes to the ICR based on comments received and data collected is specific and required for businesses

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	Bankers of America		Counsel			undoubtedly lead to numerous CDFI banks, which are good actors, exiting the program. This is even more true for those community banks that currently have no CDFI Award or grant. The burden must be commensurate with the benefit – yet the CDFI Fund has not explored an appropriately elastic scope.	purposes and compliance.
311	ICBA Independent Community Bankers of America	Michael Emancipator	Vice President and Regulatory Counsel	11/5/2020	General	ICBA recommends the Fund repropose a rule that includes a crisp explanation of (1) the problems for which it is trying to solve, (2) how the proposed solutions will efficiently address those problems, and (3) why the proposed solutions are better suited or more cost-effective than other solutions.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
312	ICBA Independent Community Bankers of America	Michael Emancipator	Vice President and Regulatory Counsel	11/5/2020	Primary Mission	Though the Fund intends to provide an apples to apples comparison of products across the board, ICBA is concerned that the Fund will arbitrarily discourage or foreclose upon certain products that might have a comparatively high MAPR to other products, despite extenuating circumstances that would justify the higher-priced product. Because CDFI banks serve populations that are traditionally un- or under-banked, the risk profiles of the customers may dictate pricing for a financial product or service that is not commensurate with more fully-banked populations. Indeed, this may be required from the prudential regulator as a risk mitigant against safety-and-soundness concerns.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
313	ICBA Independent Community Bankers of America	Michael Emancipator	Vice President and Regulatory Counsel	11/5/2020	Primary Mission	Separate from the issues stemming from the use of MAPR, the remaining process to assess primary mission for financial products is extremely onerous, asking a series of questions for every single financial product and service offered. Again, if the purpose is to tamp down on bad actors and eliminate abusive products or services, the Fund should recognize safeguards and reports already put in place by federal regulators and their routine examinations. These requirements would be better targeted toward CDFIs that are not routinely supervised by state or federal agencies.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.
314	ICBA Independent Community Bankers of America	Michael Emancipator	Vice President and Regulatory Counsel	11/5/2020	General	While it is understandable that the Fund wants to ensure that the entities that achieve certification actually pursue and meet the criteria, ICBA contends that the Fund should not create an undue burden of demonstrating compliance with that criteria. Otherwise, the result is an exercise that prioritizes form over function.	The CDFI Fund has made significant changes to the ICR based on comments received and data collected is specific and required for businesses purposes and compliance.
315	ICBA Independent Community Bankers of America	Michael Emancipator	Vice President and Regulatory Counsel	11/5/2020	General	Rather than add to the administrative burden of demonstrating compliance with regulations, ICBA recommends that the Fund explore opportunities to leverage data and resources that community banks already produce and provide as the result of being examined and supervised entities.	The CDFI Fund will work with the financial regulators to avoid the duplicate collection of data when possible.
316	ICBA Independent Community Bankers of	Michael Emancipator	Vice President and Regulatory Counsel	11/5/2020	General	CDFI banks have taken the extra step of achieving a CDFI certification from the Fund. As it currently stands, the process to apply for and maintain a CDFI designation is a substantial endeavor. Though all community banks serve	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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	America					their communities as a primary mission, recent surveys of CDFI community banks found that the application and annual certification process stands as a barrier to even more community banks being recognized as CDFIs. Nearly half of all respondents found the application difficult.	
317	Indiana Credit Union League (ICUL)	John McKenzie	President	11/5/2020	General	ICUL commends CDFI Funds' policy objectives particularly to minimize the burden of CDFIs, fostering diversity, and supporting CDFIs growth. We do understand the desire to protect the CDFI brand and staff efficiency; however, the initial certification process already leads some credit unions to obtaining third-party assistance because of its complexity. We understand it is difficult to balance oversight with expanding the CDFI availability to distressed communities. Our desire is to simplify the process even further for financial institutions. Credit unions are especially member-focused financial institutions, and many serve low-income or underserved communities.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
318	Lakeview Community Capital	Karen Fugok	Sr. Vice President	11/4/2020	Primary Mission	Lakeview Community Capital, LLC (LCC) requests clarification regarding the proposed change to the CDFI Annual Certification Report / Certification Application regarding certain Affiliates of NDI CDFIs to meet the Primary Mission (PM) requirement.	The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.
319	Lakeview Community Capital	Karen Fugok	Sr. Vice President	11/4/2020	Primary Mission	LCC (the Certified CDFI 181CE014761) is a subsidiary of Lakeview Loan Servicing, LLC ("LLS"). LLS's sole owner is ultimately an investment fund which is managed by its general partner (see more below) and owned by multiple investors, none of which hold an ownership interest in the fund that equals or exceeds 25 percent or singularly holds a majority. The power to exercise control of the investment fund resides with the general partner, which is an affiliate of Bayview Asset Management, LLC ("BAM"). As of 9/30/2020, BAM owns 1.126% of the investment fund. Would the proposed PM requirement apply to the entire family tree (LLS & BAM & any LLS/BAM investors) or just LLS? We believe the PM requirement should stop at the parent LLS who is the only entity in the family with "control" of LCC the certified CDFI.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
320	Leviticus Fund	Greg Maher	Executive Director	11/5/2020	Target Market	Target Market Leviticus affirms the Fund's proposal to remove geographic boundaries on most Target Market designations. In its history, Leviticus has fallen well within its tri-state Target Market investment test. However, some of our lending initiatives, for example promoting resident ownership of manufactured home communities that preserves existing, deeply affordable housing, largely falls outside of our defined TM. Allowing this lending to now be included in our performance tally will eliminate any apprehension on the part of Leviticus to remain agile and responsive to emerging opportunities that otherwise meet our lending program	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						values.	
321	Leviticus Fund	Greg Maher	Executive Director	11/5/2020	Primary Mission	Primary Mission Leviticus also affirms the Fund's more rigorous review of a CDFI's Primary Mission to confirm alignment between mission, strategies and lending products and services. Under the guidance of our Board of Directors, Leviticus has dedicated attention and resources to its mission-driven lending and believes further oversight by the Fund within our sector is a crucial testament to the caliber of certified CDFIs.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
322	Leviticus Fund	Greg Maher	Executive Director	11/5/2020	Accountability	Governing board member In closing, the proposed change to have at least one governing board member accountable to each TM component and at least 33% of the governing board accountable to the overall TM does not appear unduly burdensome. It is Leviticus' understanding, based on the information shared by the Fund, that the options for a governing board member to demonstrate representation will still include either employment or board member status to another organization that primarily serves low-income individuals.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
323	LIIF	Daniel A. Nissenbaum	Chief Executive Officer	11/5/2020	General	LIIF recommends that the CDFI Fund adopt additional flexibility to ensure existing certified CDFIs can work to maintain their certification within a grace period of at least 18 months after the publication of the new, final application. This grace period is especially important as the COVID-19 pandemic disrupts CDFI functions and business and makes it even more difficult to make the major, upfront investments in software or systems that may be needed to accurately report and capture this information.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
324	LIIF	Daniel A. Nissenbaum	Chief Executive Officer	11/5/2020	Primary Mission	Second, LIIF recommends that the CDFI Fund also consider activities undertaken to close the racial wealth gap as a community development objective. This is an important industry goal that the CDFI Fund can support by emphasizing it on the community development objectives list.	The CDFI Fund has modified this question to include additional recommended options. Applicants also have the option to select "Other."
325	LIIF	Daniel A. Nissenbaum	Chief Executive Officer	11/5/2020	Primary Mission	Third, LIIF supports collecting information on pricing of CDFI products since this is an important way to determine if a product is high cost or predatory. While using the Military Lending Act standard to calculate annual percentage rate (APR) would allow for standardized calculation across the industry, requiring CDFIs to report APR using the MLA methodology adds yet another layer of complexity to the existing web of reporting requirements. We join with OFN, the CDFI Coalition, and others to recommend that the CDFI Fund carefully consider if the additional compliance burden of reporting MAPR is warranted, or if there is a way to allow CDFIs to report using their existing APR calculations.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
326	LIIF	Daniel A. Nissenbaum	Chief Executive Officer	11/5/2020	Primary Mission	LIIF also joins several of our partners to offer the following recommendations to ensure Affiliates are incorporated into the review process:	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while

Comment #	Organization	Author Name	Author Title	Letter Comment Date	Category	Comment	Response
						- A CDFI Certification Applicant or Affiliate whose mission is to serve underserved markets through approved federal government programs should be deemed to satisfy the Documenting Mission and Community Development Strategy test. This is important for Affiliates who may not have a codified mission statement but who nevertheless deliver an end product that is consistent with community development. For example, this includes Affiliates with a mission to invest in programs like the Low Income Housing Tax Credit. Program requirements should serve as a sufficient proxy for meeting the Documenting Mission and Community Development Strategy sections of the Primary Mission test.	establishing final certification policies.
327	LIIF	Daniel A. Nissenbaum	Chief Executive Officer	11/5/2020	Primary Mission	To ensure that an Applicant is not found ineligible based on the activities of a relatively small Affiliate, the CDFI Fund should consider the size or percentage of Financial Products and Financial Services of an Affiliate relative to the CDFI Certification Applicant (i.e, balance sheet, number of employees, percent of overall lending). Many CDFIs have Affiliates which provide specialized financing and services which may not necessarily specifically target low-income people and places, but may also only represent a very small part of the parent company's operations. Often, these Affiliates are created from their parent entity for legal and financial reasons. We support LISC's recommendation that Affiliates that reflect less than 10 percent of their parent entity's annual Financial Product and/or Financial Service activity (as measured by volume of activity or commitment of staff resources) should be exempt from the Primary Mission requirements.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
328	LIIF	Daniel A. Nissenbaum	Chief Executive Officer	11/5/2020	Primary Mission	- The CDFI Fund should exempt Affiliates of nonprofit CDFIs which distribute their profits to the CDFI Certification Applicant, as long as they can meet all facets of the Primary Mission test. Some CDFI Affiliates are structured so that any annual profits are distributed to the parent entity to further their CDFI and community development mission. The CDFI Fund should exempt such Affiliates from the Primary Mission test since these entities further the capacity of the CDFI Certification applicant.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
329	LIIF	Daniel A. Nissenbaum	Chief Executive Officer	11/5/2020	Primary Mission	Finally, LIIF agrees with OFN's assessment that it is appropriate to flag or prohibit behavior by entities that engage in activities that negatively impact the economic wellbeing of underserved communities. Organizations that have any kind of fair lending violation or other related sanctions, a history of high cost lending and/or predatory practices, or recent unsatisfactory ratings on Community Reinvestment Act exams, should be considered ineligible for CDFI certification.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
330	LIIF	Daniel A. Nissenbaum	Chief Executive	11/5/2020	Primary Mission	LIIF supports the CDFI Fund's efforts to strengthen the Primary Mission test, although we also have questions on key	The CDFI Fund has eliminated the referenced question and significantly streamlined the

Comment #	Organization	Author Name	Author Title	Letter Comment Date	Category	Comment	Response
			Officer			items. First, we agree with Opportunity Finance Network (OFN) that the lack of definition around many key terms creates confusion. The CDFI and financial services sector does not necessarily use standardized products and pricing definitions across the sector; for example, "below market rate," "lower than standard," "nontraditional," "less established," "lower profitability," "mainstream underwriting criteria" and other terms include a subjective element. We are concerned that the lack of definitions will force lenders to make blanket statements about products that may not have uniformity across products and borrowers.	Community Development Strategy data to be collected via this ICR.
331	LIIF	Daniel A. Nissenbaum	Chief Executive Officer	11/5/2020	Financing Entity	Financing Entity LIIF supports the requirements that CDFIs must be financing entities that demonstrate their predominant business activity is the provision of arm's-length Financial Products and/or Financial Services. However, we are concerned that the new "predominance of assets" proposal lacks transparency. Under the new certification guidelines, the CDFI Fund will assess whether the Applicant has closed an appropriate number and/or dollar volume of eligible Financial Product transactions during the timeframe under review. We are concerned that the application states that the Fund will "use its sole discretion in determining the appropriate level of activity with the provision of Financial Products." The application outlines that the Fund may consider whether the Applicant's level of Financial Product activity is consistent with its business strategy and expected typical level of activity for the timeframe under review and how the level of Financial Product activity compares to the Applicant's capitalization level for the period under review. We join OFN in recommending that the Fund provide benchmarks or guidelines for applicants to understand the evaluation process for this portion of the application.	The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.
332	LIIF	Daniel A. Nissenbaum	Chief Executive Officer	11/5/2020	Financing Entity	The Financing Entity Section of the application also states that asset information should be based on the Applicant's information only and should not use a consolidated statement, although some CDFIs only prepare a consolidated set of financial statements. We support OFN's request that the CDFI Fund clarify how an Applicant should respond to this question if they only produce consolidated financial statements, and if organizations will be permitted to use these consolidated statements for the purposes of certification. We also recommend that the Fund do a cost analysis to determine the burden CDFIs may face if they are unable to use their consolidated financial statement. If the Fund determines that CDFIs cannot use their consolidated financial statements, we recommend providing an 18-month transition period for CDFIs to update their processes and systems.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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333	LIIF	Daniel A. Nissenbaum	Chief Executive Officer	11/5/2020	Financing Entity	We also support additional flexibility for maintaining an organization's certification if it does not meet this test during an annual certification review. For example, in times of crisis like the current pandemic, CDFIs often increase our grant making activity which could result in a CDFI failing the Financing Entity test for one year even if they have historically been in compliance. Further, this flexibility may be particularly critical for newly formed CDFIs that have a robust social justice and racial equity mission. Financing these highly impactful projects can be incredibly time and resource intensive so additional flexibility is important to ensure the Fund is not unintentionally discouraging this work. LIIF joins with several industry partners to support applying a three-year average if the CDFI fails to meet the predominance test in any given year, which is similar to the three-year average allowed in the Target Market test.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
334	LIIF	Daniel A. Nissenbaum	Chief Executive Officer	11/5/2020	Target Market	LIIF is also concerned by the Certification application's statement that "Applicants for CDFI Certification must meet the relevant Financial Product activity percentage threshold, without exception, in both the number and dollar amount of such activity - the CDFI Fund will discontinue its current practice of providing exceptions to the Target Market threshold requirement." The Fund implemented the 60 percent threshold through guidance, which builds flexibility into the certification process. Unforeseen events can impact a CDFI's ability to meet the 60 percent threshold, like the current global pandemic. We recommend that the Fund continue to provide reasonable flexibility to account for exceptional circumstances and temporary imbalances in the Target Market threshold.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
335	LIIF	Daniel A. Nissenbaum	Chief Executive Officer	11/5/2020	Target Market	However, LIIF does have concerns about the Fund developing a list of approved Target Market Verification Processes without giving the CDFI industry an opportunity to weigh in. The proposal does not outline the process for requesting approval of a new Target Market verification process not already accepted by the CDFI Fund. LIIF recommends that the Fund outline their timeframe for review and approval of a proposed process and clarify if there will be an opportunity to discuss or amend a proposed verification process if the Fund declines to accept a new verification process.	The CDFI Fund has published separately a list of pre-approved Target Market assessment methodologies that Applicants and Certified CDFIs may use and rely upon to demonstrate that they are serving their identified Target Markets and an accompanying Request for Comment. Comments on the methodologies will be reviewed before the list is finalized.
336	LIIF	Daniel A. Nissenbaum	Chief Executive Officer	11/5/2020	Target Market	Target Market LIIF is supportive of the CDFI Fund's proposal to eliminate geographic restrictions on most Target Markets. The current practice can inhibit CDFI financing activity in otherwise eligible places simply because of administrative concerns related to CDFI Certification or award compliance requirements. The proposed change offers the chance to increase impactful CDFI investments in an expanded geographic area while also lowering administration burden.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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337	LIIF	Daniel A. Nissenbaum	Chief Executive Officer	11/5/2020	Target Market	As the CDFI Fund develops its list of Target Market Verification Processes, LIIF joins the CDFI Coalition in recommending that the Fund clarify the Low-Income Target Population (LITP) definition with regard to end users. Some CDFIs verify their targeting of LITPs by documenting the benefits to the end user, rather than the income of the borrower. LIIF strongly supports the ability to document benefits to the end user and cautions that assessing the income of the borrower is often inappropriate given the intermediary structure through which we work. Documenting the benefits to the end user is allowed in the regulation and can include affordable housing tenants, low income users of community facilities, and low-income workers; however, the processes for verifying and documenting these end users (including the use of federal proxies such as SNAP eligibility) has never been defined by the Fund, and the practice has not been explicitly permitted. The CDFI Fund should recognize the validity of end users to qualify for LITP. For example, a child care facility that serves low-income children whose families qualify for SNAP.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
338	LIIF	Daniel A. Nissenbaum	Chief Executive Officer	11/5/2020	Accountability	Accountability LIIF supports the proposed changes to the Accountability test, which seek to strengthen CDFI accountability requirements by focusing on Governing Boards or Advisory Boards and providing greater flexibility on the geography of Board members. However, CDFIs will need time to bring their Boards into compliance with the new accountability requirements. Many Boards have multiyear terms for members so the timing of the implementation of this aspect will be consequential. We recommend that the Fund provide a grace period for compliance so that as exiting Board members term off the Boards, they are replaced with Board members to meet the accountability requirements.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
339	LIIF	Daniel A. Nissenbaum	Chief Executive Officer	11/5/2020	Accountability	In addition to the proposed changes, we recommend that the CDFI Fund allow consideration of local and geographic specific Advisory Boards for CDFIs which serve a regional or national Target Market. We are concerned that the proposed guidance would restrict Advisory Boards to national Advisory Boards, which limits the importance of local and geographic specific Advisory Boards that help ensure accountability for local offices and rural activities of regional and national CDFIs.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
340	LIIF	Daniel A. Nissenbaum	Chief Executive Officer	11/5/2020	General	Streamlined Process LIIF supports moving to a quarterly application cycle but we recommend that the CDFI Fund publish and commit to a timeline that provides applicants with sufficient advance notice. This should coincide with the CDFI Program application cycle, and decisions about applications should be shared in the same quarter in which the application is	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						submitted. As stated above, LIIF also recommends a minimum 18-month grace period for currently certified CDFIs to come into compliance. We also recommend that the CDFI Fund should provide thorough and ongoing training on the new application and reporting requirements.	
341	LIIF	Daniel A. Nissenbaum	Chief Executive Officer	11/5/2020	Application	Finally, LIIF supports incorporating the CDFI Certification application into the Awards Management Information System (AMIS) and linking it with the new CDFI Certification Transaction Level Report (CTLR). We believe these changes will reduce the number of application questions and overall public burden.	The CDFI Fund agrees with this comment.
342	LISC	Matt Josephs	Senior Vice President for Policy	11/4/2020	Target Market	We support the CDFI Fund's proposal to eliminate geographic restrictions on most Target Markets. Current practice requires CDFI Certification applicants to create maps around their Target Markets, which can result in CDFIs not receiving credit for activities outside of these places, which would otherwise be eligible. The current practice can inhibit CDFI financing activity due to administrative concerns on whether it will satisfy CDFI Certification and CDFI Fund award compliance requirements, which often mandate a certain percentage of activity in a CDFI's certified Target Market. This commonsense change will lower administrative burden for CDFIs and has the potential to increase impact.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
343	LISC	Matt Josephs	Senior Vice President for Policy	11/4/2020	General	LISC also supports incorporating the CDFI Certification application into the Awards Management Information System (AMIS) and linking it with the new CDFI Certification Transaction Level Report (CTLR). This will lower burden on CDFI Certification applications since it will reduce the number of application questions and overall public burden. We believe most of the proposed changes are positive since they strengthen the CDFI Certification standard and decrease applicant burden.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
344	LISC	Matt Josephs	Senior Vice President for Policy	11/4/2020	General	LISC recommends that the CDFI Fund grandfather in existing certified CDFIs after the CDFI Certification application is finalized and allow a grace period of at least one year for organizations to make any changes necessary to maintain their certification.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
345	LISC	Matt Josephs	Senior Vice President for Policy	11/4/2020	Primary Mission	Primary Mission LISC supports efforts to strengthen the Primary Mission test and offers the following recommendations, which are primarily focused on incorporating Affiliates of CDFI Certification applicants into the review process: 1. A CDFI Certification Applicant or Affiliate whose mission is to serve underserved markets through approved federal government loan programs should be deemed to satisfy the Documenting Mission and Community Development Strategy test. It's not clear from the proposed CDFI Certification guidance if a CDFI Certification applicant or its Affiliate would meet the proposed Documenting Mission or Community	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

Comment #	Organization	Author Name	Author Title	Letter Comment Date	Category	Comment	Response
						Development Strategy components of the Primary Mission test if they were created solely for the purpose of serving underserved borrowers which can't receive credit elsewhere. LISC recommends that CDFI Certification Applicants or Affiliates that provide specific federal loans which are directed by statute to underserved borrowers automatically meet the Documenting Mission and Community Development Strategy sections of the Primary Mission test. For instance, SBA 7a lenders are required to document that their loans went to businesses that couldn't otherwise access the capital, and are typically eligible for Community Reinvestment Act credit. LISC believes that these program requirements should serve as a sufficient proxy for meeting the Documenting Mission and Community Development Strategy sections of the Primary Mission test.	
346	LISC	Matt Josephs	Senior Vice President for Policy	11/4/2020	Primary Mission	2. The CDFI Fund should consider the size or percentage of Financial Products and Financial Services of an Affiliate relative to the CDFI Certification Applicant (i.e, balance sheet, number of employees, percent of overall lending) such that an Applicant would not be found ineligible on the activities of a relatively small Affiliate. Many CDFIs have Affiliates which provide specialized financing and services which may not necessarily specifically target low-income people and places, but may also only represent a very small part of the parent company's operations. Often, these Affiliates are created from their parent entity for legal and financial reasons. LISC recommends that Affiliates which reflect a small portion of a CDFI Certification applicant's overall Financial Product and/or Financial Services activity shouldn't hinder the ability of a CDFI Certification applicant for becoming or remaining certified. LISC recommends that the CDFI Fund exempt Affiliates which reflect less than 10 percent of their parent entity's annual Financial Product and/or Financial Service activity (as measured by volume of activity or commitment of staff resources) from the Primary Mission requirements.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
347	LISC	Matt Josephs	Senior Vice President for Policy	11/4/2020	Primary Mission	3. The CDFI Fund should exempt Affiliates of nonprofit CDFIs which distribute their profits to the CDFI Certification Applicant, as long as they can meet all facets of the Primary Mission test. Some CDFI Affiliates are structured so that any annual profits are distributed to the parent entity to further their CDFI and community development mission. The CDFI Fund should exempt such Affiliates from the Primary Mission test since these entities further the capacity of the CDFI Certification applicant.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
348	LISC	Matt Josephs	Senior Vice President for Policy	11/4/2020	Accountability	Accountability LISC supports efforts to strengthen the Accountability test and offers the following recommendation: 1. Allow consideration of local and geographic specific Advisory Boards for CDFIs which serve a regional or national	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

Comment #	Organization	Author Name	Author Title	Letter Comment Date	Category	Comment	Response
						Target Market. The Accountability portion of the current CDFI certification application is much more qualitative than the new proposed standards. Although Advisory Board is not defined in the CDFI Fund's regulations, the proposed guidance would restrict it to national Advisory Boards since it requires the Fund to consider "how the Advisory Board input is incorporated into the organization's Governing Board's decision-making process." The CDFI Fund should allow local and geographic specific Advisory Boards to be included in the Accountability test's standards for CDFIs serving regional, national, and geographic specific Target Markets, such as rural communities. These Advisory Boards ensure accountability to low income people and places for local offices and rural activities of regional and national CDFIs.	
349	LISC	Matt Josephs	Senior Vice President for Policy	11/4/2020	Financing Entity	Financing Entity LISC believes that the predominance standards are appropriate for CDFI certification since an entity should demonstrate to the CDFI Fund that the majority of its business is for Financial Products and/or Financial Services. The current application standards though don't allow the CDFI Fund any flexibility for maintaining an organization's certification if it does not meet this test during their annual certification review. LISC believes flexibility is needed since many CDFIs often scale their grant making activity during periods of crisis, which could cause an applicant to fail the Financing Entity test for one year even if they have always met it historically. The CDFI Fund should allow currently certified CDFIs to meet a three year average for the predominance test if an Applicant fails it during any given year. This is allowed for currently certified CDFIs in the Target Market test and would allow CDFIs to be responsive during periods of crisis without jeopardizing their certification status.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
350	Logue Advisory Group	Holly Logue	President/ CEO	10/26/2020	Legal Entity	LEGAL ENTITY Many banks were chartered over 100 years ago. The requirement to provide copies of legal entity documentation and all amendments thereto can be a time consuming and sometimes challenging task to locate all such documentation. Moreover, if the organization is reflected in the FDIC database as an "Active" FDIC insured institution, this requirement seems duplicative. LAG would propose that any "Active" FDIC insured institution be exempt from the requirement to upload copies of its legal documentation.	The data to be collected via this ICR is specific and required for business purposes and compliance.
351	Logue Advisory Group	Holly Logue	President/ CEO	10/26/2020	Legal Entity	Similarly, the requirement for an official letter from the IRS providing EIN information can prove challenging as applicants are often placed on hold for hours while waiting for an IRS agent to pick up the phone to request EIN documentation. SAM.gov registration requires EIN validation by the IRS and DUNS confirmation from Dunn and Bradstreet. Again, EIN	The data to be collected via this ICR is specific and required for business purposes and compliance.

Comment #	Organization	Author Name	Author Title	Letter Comment Date	Category	Comment	Response
						documentation seems duplicative for Applicants that have an active SAM.gov account.	
352	Logue Advisory Group	Holly Logue	President/CEO	10/26/2020	Primary Mission	<p>PRIMARY MISSION</p> <p>LAG understands the CDFI Fund's concern with regard to primary mission and determining whether an entity's activities are purposefully directed toward improving the social and/or economic conditions of underserved people and/or residents of economically distressed communities. LAG, however, questions whether requiring an applicant to have an acceptable primary mission in place for at least the 12 full months completed just prior to submission of the application will accomplish that goal. LAG proposes that an Applicant's ability to demonstrate that it has an acceptable community development strategy by providing information with regard to financial products and services and development services offered is a much more meaningful tool to evaluate an Applicant's commitment to the mission of the CDFI Fund than a simple mission statement.</p> <p>The requirement that a primary mission statement be in place for 12 months does not provide further evidence of the intentionality of an Applicant's activities in promoting community development. Rather the types of financial products and services offered and the associated requirements for responsible financing products are much more indicative of intentionality than a mission statement that may or may not be backed by activities in support of that mission. There are many ways in which an Applicant can demonstrate intentionality without a "canned" mission statement. Furthermore, if a mission statement were required, LAG would ask for greater clarification with regard to what constitutes an acceptable primary mission statement of promoting community development. Must these exact words be incorporated into a mission statement (a primary mission of promoting community development) or could language about serving an applicant's distressed and underserved market, providing products and services to meet community needs, or similar language that is indicative of a primary mission of promoting community development, when coupled with activities that clearly support said mission, be acceptable?</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
353	Logue Advisory Group	Holly Logue	President/CEO	10/26/2020	Primary Mission	<p>RESPONSIBLE FINANCING PRACTICES</p> <p>LAG would propose that FDIC insured banks who are subject to bank regulatory agencies' enforcement of current consumer lending protection statutes and regulations be exempt from the detailed line of questioning with regard to products and services, more particularly those enumerated in PM 17-29.</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.

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354	Logue Advisory Group	Holly Logue	President/ CEO	10/26/2020	Primary Mission	Moreover, the questions in this section ask for sweeping generalizations by product and do not allow for one on one banking and financial products that are specifically designed for individual customers to meet their particular needs. This is one of the most impactful aspects of a CDFI bank - to create a unique product, with terms and conditions expressly designed to meet a customer's needs. Many banks do this on a one on one basis with individual borrowers without formal "programs" to reduce rates or waive fees, etc. such as that implied in PM20. Regulated institutions are required to have certain policies and procedures in place to meet safety and soundness requirements. Exceptions to policy are permissible in certain instances on a case-by-case basis. Such would be the case for example when an Applicant modifies loans to assist struggling borrowers. The Applicant, however, would not have a "formal program" as required by PM20 for each of its products along these lines, rather, would make exceptions to policy on a case-by-case basis to assist the distressed customer.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.
355	Logue Advisory Group	Holly Logue	President/ CEO	10/26/2020	Target Market	LAG would object to the CDFI Fund's additional requirement that if designating a Customized Investment Area as its Target Market, an Applicant must direct at least 85% of their financing activity within individually qualified census tracts. This seems to be in direct conflict with the ability to establish a Customized Investment Area. For example: Hinds County, MS qualifies as an Investment Area in the CDFI Fund mapping system at the county level. Not every census tract in Hinds County qualifies as an Investment Area, however, at least 85% of the population of Hinds County is in qualified geographic units and if selected on the census tract level in the mapping system, all geographic units are contiguous. An Applicant that identifies Hinds County as its Target Market should meet the criteria if 60% of its financial products and services are directed to Hinds County. To require an Applicant to direct at least 85% of their financing activity within individually qualified tracts is more onerous than the requirement that 60% of an Applicant's financing activities be directed to pre-qualified investment areas (regardless of geographic boundaries). If the Applicant met the 60% threshold (or 50% of financial products and 60% of the #of financial services), there would be no need to establish a Customized Investment Area.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
356	Logue Advisory Group	Holly Logue	President/ CEO	10/26/2020	Target Market	With regard to Other Targeted Populations, LAG would propose that regulated MDIs (Minority Depository Institutions) be exempt from the verification processes to demonstrate that they are serving an Other Targeted Population, as this would be duplicative of the efforts required of them to obtain the MDI designation. For non-MDIs, due to regulatory restraints with regard to ethnicity,	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.

Comment #	Organization	Author Name	Author Title	Letter Comment Date	Category	Comment	Response
						LAG would request the CDFI Fund provide permitted proxy data and/or acceptable methodologies for determining service directed to Other Targeted Populations.	
357	Logue Advisory Group	Holly Logue	President/CEO	10/26/2020	Target Market	With regard to Low-Income Targeted Populations, LAG would recommend the CDFI Fund provide permitted proxy data and/or acceptable methodologies for determining services directed to low income targeted populations.	The CDFI Fund has published separately a list of pre-approved Target Market assessment methodologies that Applicants and Certified CDFIs may use and rely upon to demonstrate that they are serving their identified Target Markets and an accompanying Request for Comment. Comments on the methodologies will be reviewed before the list is finalized.
358	Logue Advisory Group	Holly Logue	President/CEO	10/26/2020	Target Market	<p>TARGET MARKET</p> <p>LAG is supportive of the CDFI Fund's proposed changes with regard to Pre-qualified investment areas. We would ask for further clarification with regard to Customized Investment Areas.</p> <p>The proposed changes provide that an Applicant can establish a Customized Investment Area which includes a contiguous mix of both qualified and non-qualified geographic units of a single type, which may be census tracts, non-Metro counties (emphasis added), or parishes; and validate as a distressed community per the CDFI Fund's mapping system. Is it the intent of the CDFI Fund to intentionally exclude Metro counties from Customized Investment Areas or is this an oversight? LAG would propose that if an area selected validates as a distressed community, Metro counties should likewise qualify as a Customized Investment Area as long as: a) More than 85% of the population is in qualified geographic units and b) the geographic units are contiguous. It is our understanding that if a county is selected in the CDFI Fund's mapping system (metro or non-metro) it will not validate unless it meets these criteria.</p>	By longstanding regulation, "geographic units in Metropolitan Areas that are used to comprise an Investment Area shall be limited to census tracts, and Indian Reservations."
359	Logue Advisory Group	Holly Logue	President/CEO	10/26/2020	Development Services	Perhaps one of the most impactful development service tools a bank offers is its one on one credit counseling with consumers. When a consumer has the ability to sit down one on one with a bank officer to understand why his credit was denied, the steps he can take to improve his credit so he can qualify for financial products in the future, how much he/she can qualify for, or pre-or post-homeownership counseling, the results are much more impactful than those from a "group" program. To not allow this one on one credit counseling or home ownership counseling to count toward development services would be contrary to the spirit of the requirement that applicants provide development services. The same would hold true with regard to business technical assistance. What is more impactful from a development services perspective, working one on one with a small business owner to review his cash flows and his profit and	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						loss statements or requiring that individual to sit through a classroom presentation?	
360	Logue Advisory Group	Holly Logue	President/CEO	10/26/2020	Development Services	This proposed requirement has a second “prong” which requires the development service promote access to an entity’s financial products and/or services. Financial literacy/financial education activities provide a strong foundation for supporting life goals such as savings for education or retirement, using debt responsibility and running a business. To require that development service activities be tied to a particular one of the applicant’s products/services defeats the purpose of financial education in general. Bank officers, directors and employees spend countless hours at area schools, colleges, senior centers and the like teaching basic financial literacy skills as life tools.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
361	Logue Advisory Group	Holly Logue	President/CEO	10/26/2020	Development Services	To require that CDFI Applicants demonstrate that they maintain control over the content of their development services may deter some applicants from offering certain programs. Banks often use curriculum designed by education and other professionals for the curriculum used in financial education/financial literacy activities. Many banks offer the various Money Smart Programs designed by the FDIC such as Money Smart for Teens, Money Smart for seniors and more. Others participate in programs sponsored by their state trade associations such as the Bank at School and Banker in the Classroom Programs. These programs provide very impactful financial education tools.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
362	Logue Advisory Group	Holly Logue	President/CEO	10/26/2020	Development Services	To require that Applicant’s provide a development service on an ongoing basis at least four times a year is unduly burdensome on the Applicant. This could result in applicant’s simply offering “stock” programs to meet the requisite criteria with the results being not nearly as meaningful as programs purposefully directed to a particular market and/or one on one sessions with consumers.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
363	Logue Advisory Group	Holly Logue	President/CEO	10/26/2020	Development Services	The proposed Application expressly states that the CDFI Fund does not consider the following activities to be Development Services: <ul style="list-style-type: none"> • Information presented in newsletters, flyers, or online • Workshops for children or conferences/workshops for broad audiences • Presentations made at one-off events In light of the current national emergency resulting from the COVID-19 pandemic, online delivery has become an essential tool through which Applicants can safely serve their communities at a distance. Many have established online Learning Centers that are extremely effective tools for development service activities.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
364	Logue Advisory Group	Holly Logue	President/CEO	10/26/2020	Development Services	Early childhood financial education activities are essential to setting the foundation for lifelong financial literacy skills.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while

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							establishing final certification policies.
365	Logue Advisory Group	Holly Logue	President/ CEO	10/26/2020	Development Services	One off events such as activities at senior centers where bank representatives make presentations on issues such as fraud and identify theft which tend to target seniors are impactful tools. To disallow these type of activities as qualifying development services would be a disservice to those who volunteer their valuable time and energy making such presentations.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
366	Logue Advisory Group	Holly Logue	President/ CEO	10/26/2020	Accountability	<p>Accountability</p> <p>We would like to offer the following comments with regard to the proposed changes. Serving on the Governing Board of Directors of an FDIC insured depository institution is generally regarded as an honor; however, the position also includes associated risk. Aside from statutory and/or regulatory qualifications that typically include taking an oath of office, unencumbered ownership of a specific amount of the bank's capital stock and residential and citizenship requirements, there is a level of accountability that distinguishes the office of a bank director from directorships in most other corporate enterprises. There are laws and provisions, fiduciary responsibilities and penalties related to the activities of bank directors that can result in criminal convictions that have no counterpart in general corporate law. The unique role of the bank director and the grave responsibilities of the office make the position of bank director as one not to be offered or entered into lightly. Many banks are closely held and all members of the Governing Board are related. Others have very small governing boards due to stock ownership and other requirements. In these instances, many banks name an Advisory Board comprised of local business, civic and economic development leaders and/or elected officials to serve on one or more Advisory Boards to provide greater flexibility in structure, benefit from the knowledge of others, to be advocates throughout the community and to provide feedback from the community to the Governing Board of Directors. To require that at least 20% of the governing board members be accountable to the proposed target market in addition to the Advisory Board will be impossible for many small and/or closely held banks to meet. In some instances family held and/or small rural banks, do not have a single individual serving on the Governing Board that is not a) a principal shareholder b) a bank employee and/or c) related to a bank employee. In these circumstances, these entities have "O" accountability on the Governing Board and have intentionally created Advisory Boards to be their advocates in the local community and the local community's advocates within the banks' decision making process. To not permit these organizations to obtain the CDFI Certification</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						designation because they cannot establish 20% accountability on their Governing Board would be a disservice to these organizations that provide tremendous impact in their respective distressed communities. Without organizations such as these, many local residents would not otherwise qualify for financing from mainstream financial institutions. Larger regional banks serving multiple markets have often created multiple Advisory Boards to provide representation and advocacy in each market served or to provide greater and more geographically disbursed representation throughout the organization's entire market. CDFI Staff have advised us that the CDFI Fund will not look cross-board to establish accountability; rather, an applicant must establish accountability either through its governing board or through an Advisory Board. This appears to be in direct conflict with the attempt to provide geographic diversity with respect to Accountability. We would also ask for clarification with regard to Accountability under the proposed Target Market revisions that intend to eliminate geographic boundaries. If an Applicant can establish 33% accountability on its governing board, as long as 33% of the board members meet one/more of the eligibility criteria, is that sufficient, regardless of geographic diversity?	
367	MMCDC and White Earth Investment Initiative	Jamie Marks Erickson	None	None	General	A vital question is asked about how long existing CDFIs should be allowed to come into compliance. If CDFIs report retroactively on three years of data, the likelihood of noncompliance is high in the first round unless a three-year window is provided. Any finding of noncompliance for CDFIs with existing grant awards will hinder the effectiveness of those CDFIs, particularly in fund-raising and reputation as it likely will result in a negative finding in audited financial statements regarding noncompliance with federal funds. To ensure a proper transition, one approach would be to define a grace period as "through the performance period of grant awards and allocations approved prior to the effective date of the new CDFI Certification rules." Another alternative would be a shorter look-back period of one year in the initial application and a three-year window prior to the first application. This allows two years for complex CDFIs to phase in all requirements.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
368	MMCDC and White Earth Investment Initiative	Jamie Marks Erickson	None	None	Primary Mission	An alternative would be to reduce or eliminate requirements pertaining to affiliates, as these require business model changes for complex CDFIs that will be challenging to accomplish in a brief period.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
369	National Association of Federally-Insured Credit Unions NAFICU	Elizabeth LaBerge	Senior Regulatory Counsel	11/5/2020	Primary Mission	Similarly, the requirement to describe individual products and services in the primary mission test is burdensome and uses terminology that does not align with the existing regulatory environment.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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370	National Association of Federally-Insured Credit Unions NAFICU	Elizabeth LaBerge	Senior Regulatory Counsel	11/5/2020	Basic Information	Aligning the Application Process with the Legal and Regulatory Environment As federally-insured financial institutions, credit unions are examined for compliance with federal regulations and safety and soundness by the National Credit Union Administration (NCUA), and, depending on their size, the Bureau of Consumer Financial Protection (CFPB). These federal regulators, along with their state counterparts, establish a detailed and complex environment of regulatory and legal requirements. Credit unions have designed their products and services, informational and reporting systems, processes, procedures, and operations in response to this environment. In order to reduce the additional burden of the application process, the CDFI Fund must work to align and reconcile its application process with that existing environment and credit union operations. Unfortunately, the proposal fails to achieve this alignment in several areas. For example, the definitions of "financial products" and "financial services" do not align with the distinctions formed by federal regulators.	This comment is not pertinent to this ICR. This ICR collects the data that the CDFI Fund needs to ensure that CDFIs continue to meet the requirements to be certified CDFIs.
371	National Association of Federally-Insured Credit Unions NAFICU	Elizabeth LaBerge	Senior Regulatory Counsel	11/5/2020	Basic Information	Further, the application should minimize the burden on applying credit unions by recognizing the unique nature of credit unions as democratically controlled, member-owned financial institutions and eliminating duplicative, irrelevant items regarding basic applicant information and accountability tests. Aligning terminology, reconciling the application with the existing regulatory environment and recognizing the unique governance structure of credit unions would reduce the burden posed by the application process. It would enable credit unions to leverage their current systems and procedures in completing the application and create a simplified and more efficient application process.	The CDFI Fund agrees with this comment and has eliminated the referenced questions in the Basic Information section of the Application.
372	Native CDFIs	Jackson Brossy,	Executive Director	11/5/2020	General	NCN has concerns about any changes to the existing Certification requirements that could add additional compliance burdens to Native CDFIs who's missions and target market have consistently met the CDFI Fund's goals. The actions of a few bad actors could potentially result in significantly increased compliance and certification burdens for CDFIs who serve their communities respectively. NCN strongly believes that any update to the Certification Application should not result in additional or new certification requirements to current Native CDFIs already in good standing. Therefore, NCN strongly urges that the grace period mentioned in the revised Certification be extended indefinitely. Additionally, NCN concurs with other CDFI trade associations and urges the CDFI Fund hold direct conversations with CDFIs who will be impacted by these new certification regulations before implementation.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
373	Native CDFIs	Jackson	Executive	11/5/2020	General	Most Native CDFIs have staff sizes between 2-5 employees. If	The CDFI Fund has made significant changes to

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		Brossy,	Director			these smaller lenders are forced to prioritize even more time towards compliance, this will come at a cost to operational efficiency. This could result in fewer loans being made. Recommendation: minimize or eliminate any new Certification requirements for existing and smaller Native CDFIs.	the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
374	Native CDFIs	Jackson Brossy,	Executive Director	11/5/2020	General	NCN has several recommendations and concerns regarding the revision to the CDFI Certification. Ultimately, NCN recommends against adding any new certification barriers which could take much needed resources from Native CDFIs who often operate with staffs of 2-5 employees. New reporting requirements might be helpful when certifying larger CDFIs, but they could become burdensome for smaller offices.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
375	Native CDFIs	Jackson Brossy,	Executive Director	11/5/2020	General	NCN supports several other trade associations' requests to hold direct conversations with CDFIs to discuss the revised Certification regulations. This should allow for even more regulation improvement and refinement. Recommendation: hold several direct conversations with CDFI associations and Native CDFIs prior to implementing the new regulations.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
376	Native CDFIs	Jackson Brossy,	Executive Director	11/5/2020	Native CDFI Designation	NCN strongly urges several direct conversations with individual Native CDFIs to determine if the Native CDFI Designation for Native Community Representation is fair, or overly prohibitive. The revised Certification application questions regarding the Native CDFI Designation are unprecedented and should undergo further scrutiny by all Native CDFIs before implementation. Recommendation: hold direct conversations with NCDFIs regarding the Native CDFI Designation to avoid any unintended consequences.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
377	Native CDFIs	Jackson Brossy,	Executive Director	11/5/2020	General	The Federal Register notice states there will be a grace period after the new Certification requirements are finalized, and before existing CDFIs will be required to submit information. This period must be extended for at least 2 years after new regulations are finalized. Recommendation: ensure at least a 2-year grace period for existing CDFIs to submit new information for Certification after rules are finalized. Ideally, this will come after direct conversations between the Fund and the CDFIs.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
378	Native CDFIs	Jackson Brossy,	Executive Director	11/5/2020	Accountability	The revised Certification application prohibits services to family members of staff or board members from being used to demonstrate Target Market Accountability. Depending upon the definition of "family," this could prove problematic for many smaller market, rural, and Native CDFIs. In particular, Native CDFIs could have smaller employee and customer pools. Many Native CDFIs have already developed robust conflict of interest policies and have unbiased loan committees to prevent further conflicts. Furthermore, the	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						<p>vast majority of Native CDFIs are not-for-profit organizations (both 501(c)3's and Tribally-chartered IRC-7871's). These not-for-profit organizations are required to undergo rigorous audits which would identify any potential conflicts of interest that were not already accounted for by the given CDFI's governing body. Therefore, nonprofit Native CDFIs (both Tribal and independent) already have built-in oversight from auditors and the IRS, in addition to the individual CDFI's governing board.</p> <p>The CDFI Fund should work with Native CDFIs to adjust the Target Market Accountability section to reflect that Native CDFIs already have mechanisms to address conflicts of interest as well as oversight from auditors and the IRS.</p> <p>Recommendation: remove rigid section on Target Market Accountability with respect to family and or board members serving concurrently. Specifically, we recommend striking section AC07. We believe that current requirements on individual CDFI boards to regulate conflicts of interest have proven effective. Additionally, nonprofit CDFIs (both Tribal and independent) are already subject to IRS guidelines and independent audits which further mitigate conflicts of interest. We encourage additional dialogue on this subject through direct conversations with individual CDFIs.</p>	
379	Native CDFIs	Jackson Brossy,	Executive Director	11/5/2020	Target Market	<p>Many Native CDFIs often do not neatly fit within a given metropolitan, or non-metropolitan market. While NCN understands the need to create and follow requirements, there are also likely some CDFIs who serve markets where the entire (Median Family Income) MFI is inherently low (for example, if the market is entirely a reservation), which further drives down the 80% MFI. The CDFI Fund should allow for flexibility for Native CDFIs when using MFI benchmarks.</p> <p>Recommendation: allow for CDFI Fund staff flexibility when determining MFI benchmarks for Native CDFIs.</p>	The median family income benchmarks used to determine Low-Income status are set by statute.
380	NeighborWorks	Kirsten T. Johnson-Obey	Senior Vice President, Public Policy and Legislative Affairs	11/5/2020	Primary Mission	<p>Emphasis on Mission</p> <p>NeighborWorks supports the Fund's proposal to raise the bar for certification by strengthening the primary mission test. Importantly, strengthening the mission test allows the Fund to provide CDFIs with additional flexibilities around defining their Target Markets while maintaining appropriate safeguards. Certification as a CDFI provides organizations with myriad benefits beyond simple access to the Fund's programs. Organizations can leverage this credential to create and strengthen partnerships, gain access to additional resources, and bolster their reputation within their community. By placing additional emphasis on the primary mission test, the Fund will reinforce and elevate the community development work. Additionally, in a system where resources are limited, it is critical that the Fund's</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						grants be restricted only to those organizations that truly meet the spirit of the designation. However, NeighborWorks is concerned about the potential for unintended consequences. The proposal (p. 18) would apply the mission test not just to the CDFI and parent entity, but also to other affiliates. As corporate structures become increasingly complex and organizations work to diversify revenue sources to become self-sustaining, some have incorporated for-profit affiliates whose revenues support the work of the CDFI. Individually, these affiliates may not pass the mission test, but they should be evaluated within their context. For example, an affiliate could be deemed to pass the test if a) its activities are not inconsistent with the CDFI's community development mission, b) the affiliate is controlled by the applicant and not vice versa, and c) any profits would support the CDFI's mission.	
381	NeighborWorks	Kirsten T. Johnson-Obey	Senior Vice President, Public Policy and Legislative Affairs	11/5/2020	Accountability	Accountability NeighborWorks is concerned that the accountability measures created by the board governance requirements are too weak to reliably serve their purpose. With a three-member board, only a single representative would be required to be accountable to the Target Market. Industry best practices recommend a minimum of five unrelated members for a governing board, and often recommend additional members to better serve the range of needs and interests of the organization. NeighborWorks urges the Fund to adopt this minimum standard for CDFIs to better ensure that they are accountable to their Target Markets.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
382	NeighborWorks	Kirsten T. Johnson-Obey	Senior Vice President, Public Policy and Legislative Affairs	11/5/2020	Target Market	Target Markets NeighborWorks supports the Fund's move away from imposing a geographic requirement on target markets. Based on the experience of CDFIs within our network, geographic requirements can become an impediment to CDFIs' ability to serve additional needs in new places, constraining their growth. The proposed changes would eliminate these barriers.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
383	NeighborWorks	Kirsten T. Johnson-Obey	Senior Vice President, Public Policy and Legislative Affairs	11/5/2020	Basic Information	BI-A08 (p. 20): NeighborWorks supports the proposal to create a special certification for spinoffs, which would allow up-and-coming organizations to rely on the history of efforts of the larger organization.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
384	NeighborWorks	Kirsten T. Johnson-Obey	Senior Vice President, Public Policy and Legislative Affairs	11/5/2020	Primary Mission	(p. 30): While NeighborWorks supports the Fund's desire to ensure that certified entities engage in responsible financing practices, the standards for assessing this should not be overly prescriptive such that they improperly limit CDFIs' ability to serve consumers. For example, CDFIs within the NeighborWorks network have created alternatives to payday lending products that meet consumers' needs for access to	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						financing without subjecting them to the predatory and abusive practices of others serving this market. The Fund should support efforts such as these by finding flexible ways to ensure consumer safeguards are in place without creating rigid ratios or metrics.	
385	NeighborWorks	Kirsten T. Johnson-Obey	Senior Vice President, Public Policy and Legislative Affairs	11/5/2020	Primary Mission	PM-17 (p. 38): This type of scrutiny should not be reserved only for loan products with an MAPR that exceeds 36%. Loan products with interest rates at or below 36% should also be subjected to these questions to ensure that they are safe lending products.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
386	NeighborWorks	Kirsten T. Johnson-Obey	Senior Vice President, Public Policy and Legislative Affairs	11/5/2020	Basic Information	(p.44): NeighborWorks is disappointed that forgivable loans are not listed as eligible financial products and urges that they be added. Forgivable loans are one of the most powerful tools that organizations like NeighborWorks possess for bringing sustainable homeownership within reach. In fact, NeighborWorks has helped over 24,000 families become homeowners through our LIFT Down Payment Assistance Program. Like LIFT, HOME funds provided through local DPA and closing cost programs, and others encourage longevity and are distinct from grants. Just like other loan products, these loans still require origination activity and portfolio management. They are serviced and, depending on how the organization does their accounting, they also may appear on the entity's balance sheet. Even some traditional loans contain a clause permitting the loan to be forgiven at resale if proceeds are insufficient to cover repayment. NeighborWorks does not believe that a pre-approval process is the best way to address these products and would welcome the opportunity to engage the Fund in additional conversation to develop a more appropriate definition of eligible forgivable loans based on features and characteristics of the loan products.	This comment is not pertinent to this ICR. This ICR collects the data that the CDFI Fund needs to ensure that CDFIs continue to meet the requirements to be certified CDFIs.
387	NeighborWorks	Kirsten T. Johnson-Obey	Senior Vice President, Public Policy and Legislative Affairs	11/5/2020	Financing Entity	FE-A05 (p. 48): This section of questions would create enormous burdens as most organizations do not structure their accounting in this way. To provide this data, organizations would need to deploy additional professional resources to create these records. As proposed, these categories are confusing and should be further clarified. Previously, the Fund has requested information about the organization's balance sheet assets dedicated to lending and the assets available for lending. Given that it is not apparent what additional value the questions enumerated in this section offer, NeighborWorks encourages the Fund to consider whether the anticipated benefits of collecting this data are sufficient to merit such administrative burdens.	The data requested in this question is consistent with data currently being collected by the existing ICR and has not proven burdensome to Applicants.
388	NeighborWorks	Kirsten T. Johnson-Obey	Senior Vice President, Public Policy	11/5/2020	Financing Entity	FE-AS (p. 50): This question does not request information about staff dedicated to loan servicing and development services. Along with the other activities listed, these services	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while

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			and Legislative Affairs			should count as Financing Activities.	establishing final certification policies.
389	NeighborWorks	Kirsten T. Johnson-Obey	Senior Vice President, Public Policy and Legislative Affairs	11/5/2020	Financing Entity	FE-AS11.2 (p.51): This question seeks a level of detail that is not necessary and would require significant new recordkeeping. Instead, the Fund should maintain the current practice of requesting only the total number of FTEs engaged in non-financing activities.	The CDFI Fund agrees with this comment and has modified the question to accept aggregate data instead.
390	NeighborWorks	Kirsten T. Johnson-Obey	Senior Vice President, Public Policy and Legislative Affairs	11/5/2020	Target Market	(p. 55): NeighborWorks is concerned that a customized investment area threshold of 85% could be a barrier to focused place-based work.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
391	NeighborWorks	Kirsten T. Johnson-Obey	Senior Vice President, Public Policy and Legislative Affairs	11/5/2020	Target Market	TM-03.1 (p. 58): Mortgage lending should be included on the list of activities.	The CDFI Fund has modified this question to include additional recommended options. Applicants also have the option to select "Other."
392	NeighborWorks	Kirsten T. Johnson-Obey	Senior Vice President, Public Policy and Legislative Affairs	11/5/2020	Development Services	(p. 60): It is not clear from the definition of Development Services whether online homebuyer education courses such as eHome America are included. For CDFIs engaged in mortgage lending, these types of publicly available, fee-based courses are a primary tool for educating and preparing customers. While individual CDFIs do enter into a contract with eHome, the CDFI does not maintain control over the content. NeighborWorks encourages the Fund to consider a more tailored definition that includes these arrangements. This definition could focus instead on the quality of the Development Services. NeighborWorks and a network of partners including national lenders, Freddie Mac and Fannie Mae, HUD, mortgage insurers, and other national counseling organizations have developed the National Industry Standards for Homeownership Education and Counseling. The Standards were developed to ensure a higher quality of homeownership education and counseling. When a counseling organization adopts the standards, it strengthens the professional credentials of its homeownership educators and counselors to ensure consumers have access to high quality, ethical and comprehensive housing information and services.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
393	New Covenant Dominion Federal Credit Union	Rachel Macarthy	Acting CEO	11/1/2020	Application	We support this effort to establish an efficient path to CDFI certification for eligible institutions and establish clear, strong and consistent standards. Unfortunately, the application proposed by the CDFI Fund would not achieve these objectives. An effective Certification application should serve as a gateway that facilitates entry for eligible institutions and	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						denies entry to those that are not, but the proposed application erects significant and costly barriers that would dissuade and exclude many highly committed and fully qualified CDFI credit unions. Without fundamental changes, the proposed application would encourage an exodus of credit unions from the ranks of certified institutions, depriving the CDFI movement of irreplaceable sources of capital, innovation, and community impact.	
394	New Covenant Dominion Federal Credit Union	Rachel Macarthy	Acting CEO	11/1/2020	Basic Information	The proposed Basic Information section includes ten questions that ask credit unions to demonstrate that our governing boards are democratically elected by our members. Since every credit union ¹ is required by law to have governing boards that are democratically elected by members, these questions reflect a basic lack of understanding of the credit union model.	The CDFI Fund agrees with this comment and has eliminated the referenced questions in the Basic Information section of the Application.
395	New Covenant Dominion Federal Credit Union	Rachel Macarthy	Acting CEO	11/1/2020	General	As an insured depository subject to rigorous regulatory standards, intensive examination and public reporting, New Covenant Dominion Federal Credit Union is concerned that the proposed application creates a parallel, quasi-regulatory process that ignores the clear parameters already established by our actual regulators. Second, as a credit union, we are disheartened by numerous elements that ignore or misunderstand fundamental characteristics of our legal and operational structure. Finally, as a CDFI and member of Inclusiv, we share a concern that the proposed changes would make CDFI certification too costly for the vast majority of eligible credit unions, with a disproportionate impact on those that serve rural and minority communities. As a result, we strongly support Inclusiv's call for a fundamental redesign of the proposed certification application based on the comments collected during this period and also with substantive consultation with the CDFI field during the redesign process itself.	The CDFI Fund has made significant changes to the ICR based on comments received and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.
396	New Covenant Dominion Federal Credit Union	Rachel Macarthy	Acting CEO	11/1/2020	Accountability	The proposed Accountability section amplifies this fundamental misunderstanding by only recognizing the accountability of our democratically elected boards for narrowly defined target markets that make up more than 50% of our members. In the private sector more than 50% of voting shares is defined as a "controlling interest" and activist investors often change corporate boards with just 4% of the voting shares. Since credit union boards are democratically elected on the basis of one-member, one-vote, our boards are directly accountable to all of our members, not just a segment with a controlling interest. The provision for "special" accountability should be available to any CDFI with a board that is democratically elected by the people they serve, and should confer automatic accountability on any credit union or other democratically governed institution that meets the Target Market requirement for certification.	In recognition of the regulatory requirements placed on a credit union's governing board, the CDFI Fund has established an option by which a credit union may demonstrate Accountability to its Target Market(s) based on its membership and the use of an advisory board. The CDFI Fund believes that this policy is appropriate and ensures accountability to the Target Market(s) while reducing burden caused by the ICR for credit unions that meet these conditions.

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397	New Covenant Dominion Federal Credit Union	Rachel Macarthy	Acting CEO	11/1/2020	Accountability	In addition, as Diversity, Equity and Inclusion (DEI) has been adopted as the 8th Cooperative Principle for all credit unions, we support Inclusiv's proposal to add a question regarding institutional plans to promote and sustain DEI.	The CDFI Fund will collect Basic Information data on the demographics of an Applicant's governing board and executive staff.
398	New Covenant Dominion Federal Credit Union	Rachel Macarthy	Acting CEO	11/1/2020	Primary Mission	The proposed Primary Mission section fails to recognize that credit unions and other regulated CDFIs already operate within strict parameters imposed by our regulators and CFPB to safeguard against predatory products and practices. Instead, the section requires a virtually endless series of questions with drop-down answers and descriptive narratives on each and every financial product and financial service we provide. These questions often use non-standard terminology and provide limited drop-down options that would distort any understanding of the wide array of credit union products and services, which are subject to vigorous and ongoing innovation and expansion across our industry.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.
399	New Covenant Dominion Federal Credit Union	Rachel Macarthy	Acting CEO	11/1/2020	Target Market	The proposed Target Market section would lower the Target Market threshold for loans to 50% for Insured Depositories provided that more than 60% of "financial services" are in CDFI Target Markets. We support this effort to recognize the special obligation of depositories to diversify risk across markets. However, the proposal to count financial services as number of accounts is fatally biased, since wealthier members will always have many more savings, money market, investment, IRA Keogh and other accounts than our low-income members. Indeed, many of our lowest-income members only have basic share or share draft accounts that give them access to the check-cashing, money order, bill-pay and other transaction services they depend on most heavily. In other words, contrary to the democratic ethos of credit unions, the CDFI Fund proposes to measure financial services by counting our wealthier members many more times than our lower income members. We strongly support the Inclusiv proposal to use a straightforward count of unique credit union members as a more accurate proxy indicator for financial services.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
400	New Covenant Dominion Federal Credit Union	Rachel Macarthy	Acting CEO	11/1/2020	Development Services	The proposed Development Services section adds inflexible requirements that rule out many of the most effective educational, counseling and coaching services we provide to our members. For example, the CDFI Fund proposes to eliminate consideration of any one-on-one support provided in conjunction with a product or service. This ignores considerable research - including recent work by Inclusiv and CFSI -- that challenge the effectiveness of stand-alone financial education and counseling and instead emphasize the importance and positive impact of delivering key messages at "teachable moments," in conjunction with appropriate products and services. In a sense, the CDFI Fund has proposed that meaningful driver training only takes place	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						in a classroom, and anything delivered behind the wheel simply doesn't matter.	
401	New Covenant Dominion Federal Credit Union	Rachel Macarthy	Acting CEO	11/1/2020	Legal Entity	The proposed Legal Entity section continues to rely on copies of historic documents to confirm the legal status of each CDFI. The cumbersome collection and review of old documents does not establish whether an entity is both legal and currently active, but there is a readily available federal system that does. We support Inclusiv's proposal to use registration with SAM.GOV to meet the legal entity requirement for certification. In addition to efficiently addressing the legal entity requirement, SAM registration would ensure that every CDFI is ready to participate in CDFI Program funding rounds as soon as they are certified.	The data to be collected via this ICR is specific and required for business purposes and compliance.
402	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Application	The Fund must be cautious about imposing onerous, costly requirements and high barriers to entry that make the certification process so restrictive that worthy applicants are not able to obtain the status. If certification becomes so complex that existing CDFIs cannot navigate the changes and potential applicants are dissuaded from applying, it will not result in a process improvement or better outcomes for the communities CDFIs serve. Some aspects of the Fund's proposal are a step in the right direction, while others could be improved.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
403	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	General	Timeline for Implementation The changes proposed are significant and require an extended timeline for implementation. OFN recommends a grace period for currently certified CDFIs to come into compliance with the new certification criteria, a minimum of 18 months after the publication of the new, final application. The CDFI Fund should also provide thorough and ongoing training on the new application and reporting requirements.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
404	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Application	OFN members have expressed serious concerns about the Fund implementing major changes to certification, reporting and compliance amid a major health and economic crisis. The COVID-19 pandemic has impacted CDFI capacity, leaving some organizations stretched thin and making tough choices about how to use limited resources, like whether to offer additional flexibility to their current borrowers, meet the growing demand for new lending and technical assistance, allocate additional funds to loan loss reserves, or to retain staff.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
405	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	General	Quarterly CDFI Certification Application Cycle Moving to a quarterly application cycle would be an improvement as long as CDFIs applying for certification have certainty about how long the CDFI Fund will take to review the application and have information about the status of their applications once submitted. The CDFI Fund should also commit to making decisions about applications in the same quarter in which they are submitted. There also must be	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						assurances that CDFIs that need to become certified to apply for Financial Assistance awards have the ability to do so, so any quarterly certification timetable must coincide with the annual CDFI Program application cycle.	
406	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Primary Mission	<p>● Community development objectives list is too narrow - Business development is listed as an output/outcome but should be considered its own community development objective. Many CDFIs have a mission to support communities through small business development and entrepreneurship. In addition, the new application does not include job creation as a positive community development objective. OFN recommends the Fund include the promotion of "quality jobs", using recent publications by the Federal Reserve Bank of Boston to define quality jobs.³ The CDFI Fund should also consider activities undertaken to close the racial wealth gap as a community development objective. As part of the CDFI Fund's review and improvement of certification and reporting, OFN recommends the Fund collect information that will sharpen its ability to assess the performance of the Fund and CDFIs in serving communities of color.</p>	The CDFI Fund has modified this question to include additional recommended options. Applicants also have the option to select "Other."
407	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Primary Mission	<p>Primary Mission—Financial Products and Services OFN fully supports the CDFI Fund's role in ensuring that only qualified entities with an intentional community development strategy focused on "improving the social and/or economic conditions of underserved people and/or residents of economically distressed communities are eligible to be certified." As the CDFI Coalition notes, with more than 1,100 CDFIs in all 50 states, simply evaluating an Applicant's board-approved organizational documents or a narrative statement will not always be sufficient to ensure that an organization is providing access to affordable, responsible capital. OFN urges the CDFI Fund to use this reform of the certification process to set clear standards and guidelines and create broad authority to deny or decertify entities that do not meet the letter or spirit of the CDFI mission. Many of the proposed changes are a step in the right direction but OFN members identified several concerns with the new application related to Primary Mission:</p> <p>● Key terms not defined - Many of the options assume incorrectly that there are standardized product and pricing definitions and standards in use within the CDFI or the financial services sector (i.e. "below market rate," "lower than standard," "nontraditional," "less established," "lower profitability," "mainstream underwriting criteria" among others.) All the options force lenders to make blanket statements about products that may or may not be uniformly defined across products and borrowers.</p>	The CDFI Fund has eliminated the referenced question and significantly streamlined the Community Development Strategy data to be collected via this ICR.

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408	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Primary Mission	<p>● Assumptions about CDFI business models - Some of the questions in the new application presume that the business model for all CDFIs is to provide below market rate financing or other favorable terms to all borrowers in all circumstances. Access to credit, as well as the terms of the credit, must be considered. CDFIs offer different products and development services to reach their Target Markets. The rates and fees charged to borrowers are reflective of the borrower's risk profile, market conditions, and the cost of capital to the CDFI. CDFIs also need to generate revenue to cover operating costs and continue to make loans. It is not always feasible to offer products at below market rate or to use other subordinate financing mechanisms. Further, loans made at market rates can still have a positive community development impact, especially for borrowers that cannot access mainstream finance OR borrowers that would potentially seek high-cost, predatory financing options.</p>	The CDFI Fund has eliminated the referenced question and significantly streamlined the Community Development Strategy data to be collected via this ICR.
409	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Primary Mission	<p>Responsible Financing Practices Use of the Military Lending Act methodology: As members of the Responsible Business Lending Coalition (RBLC),⁴ OFN whole-heartedly agrees with the Fund that "Financial Products should be affordable and based upon a borrower's ability to repay and CDFIs should practice transparency, fair collections, and compliance with federal, state, and local laws and regulations." The RBLC created the Small Business Borrowers Bill of Rights to provide guidelines for fair disclosure and transparent pricing in small business lending, some of which can be helpful in determining if an applicant is providing affordable, responsible financial products.⁵ In particular, collecting information on pricing of CDFI products is important to determine if a product is high cost or predatory. While using the Military Lending Act (MLA) standard to calculate annual percentage rate (APR) would allow for standardized calculation across the industry, some in our network expressed unfamiliarity with this method of calculation, while others noted they already have copious state and federal rules on how to calculate interest. As states provide greater oversight to consumer lending, CDFIs are already making multiple interest rate calculations using different formulas: CDFIs engaged in small business lending in California are now required to make certain APR calculations as part of the implementation of Senate Bill 1235 which requires consumer-style disclosures for commercial financing. A pending small business lending disclosure bill in New York would use a different calculation of APR. A bill introduced in Congress by House Small Business Committee Chairwoman Nydia Velazquez (D-NY) would calculate APR using yet a different formula. Requiring CDFIs to report APR using the MLA methodology adds another layer of complexity</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						to the existing web of reporting requirements. CDFIs would have to choose to switch to the MLA APR calculation for their lending to ease the CDFI Fund compliance burden, which would require amending their financing disclosures as well as the methodology underpinning them. Or they would need to create an entirely separate system to make the MAPR calculation specifically for the CDFI Fund, which would also be costly and burdensome. The CDFI Fund should carefully consider if the additional compliance burden of reporting MAPR is warranted, or if there is an alternative way to allow CDFIs to report on their financing terms using their existing APR calculations.G476	
410	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Primary Mission	CDFI industry standards for mortgage products - OFN supports Self-Help's recommendation that for any home mortgages offered, the CDFI Fund review the products offered for protections consistent with the qualified mortgage (QM) statutory protections: (a) no negative amortization, interest-only payments, or balloon payments; (b) adjustable rate mortgages underwritten at the maximum rate in the first five years; (c) maximum term of 30 years; and 4) total points and fees generally not exceeding three percent of the loan amount. These product protections will help ensure responsible mortgage lending while allowing innovation in underwriting that may benefit communities CDFIs serve. It will also help prevent organizations from seeking CDFI certification status to circumvent QM rules and make high cost mortgages.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
411	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Primary Mission	Disqualifying activities related to responsible financing practices - Organizations that have any kind of fair lending violation or other related sanctions, a history of high cost lending and/or predatory practices, or recent unsatisfactory ratings on Community Reinvestment Act exams, should be considered ineligible for CDFI certification. While the CDFI Fund is not a regulatory agency, receiving certification status should require, at a minimum, adherence to certain responsible financing practices required by other federal regulators or laws. The CDFI Fund must protect the CDFI brand, the reputation of the industry, and a responsible steward of federal resources. It is appropriate to flag or prohibit behavior by entities that engage in activities that negatively impact the economic wellbeing of underserved communities. The Fund could consider allowing organizations with one of the disqualifying practices listed above to appeal a decision denying certification and provide an explanation of why the CDFI applicant is not approved, giving entities the option to remedy any deficiencies and continue to pursue certification. In the case of an appeal or when an Applicant's community development focus is unclear, OFN agrees with the	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						Community Development Bankers Association (CDBA) that the CDFI Fund's certification process should allow the agency to consider external sources of information about the products and practices of an entity seeking certification or re-certification. ⁶ As part of its certification process, the CDFI Fund should have the authority to request and review all consumer facing product information (i.e. websites, brochures, loan agreements, pricing and fee calculations) that are presented to prospective and actual customers.	
412	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Primary Mission	<p>Primary Mission—Affiliates OFN supports the CDFI Fund's proposal to require all Applicants to demonstrate the mission focus of their parent and affiliate organizations to meet the primary mission test. This will help determine if an Applicant is truly serving low-income people and communities by providing affordable, responsible financial products and services, and prevent organizations that are not mission-driven from creating subsidiaries or affiliates that can be certified as CDFIs. At the same time, there are CDFIs doing meaningful, impactful community development work that might be adversely impacted by this new requirement. The Fund must be careful to not create too many loopholes that weaken the impact of this important change, but CDFIs have identified several cases where the Fund could consider exempting certain Affiliates from the Primary Mission test:</p> <ul style="list-style-type: none"> ● CDFI Affiliate profits are distributed to further community development mission - The CDFI Fund could consider exempting Affiliates of nonprofit CDFIs which distribute their profits to the CDFI Certification Applicant, as long as they can meet all facets of the Primary Mission test. The CDFI Fund should exempt such Affiliates from the Primary Mission test since these entities further the capacity of the CDFI Certification applicant. ● Affiliate activity comprises small portion of parent company's operations - If the affiliate makes only one or two loans per year that doesn't comprise a significant amount of budget activity, that should not impact the ability for the applicant to obtain certification. OFN agrees with LISC's recommendation that the CDFI Fund exempt Affiliates which reflect less than 10 percent of their parent entity's annual Financial Product and/or Financial Service activity (as measured by volume of activity or commitment of staff resources) from the Primary Mission requirements. <p>Impact on 7(a) lenders - There were also questions about how this affiliate rule would impact CDFIs that participate in the Small Business Administration's 7(a) program through an affiliate entity, and if 7(a) loans - with the exception of 7(a) Community Advantage pilot program loans that have an explicit focus on underserved markets - would be considered</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						to have a community development intent.	
413	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Financing Entity	<p>Financing Entity Under the new certification guidelines, the CDFI Fund will assess whether the Applicant has closed an appropriate number and/or dollar volume of eligible Financial Product transactions during the timeframe under review. This change builds important flexibility into the process by allowing the Fund to “use its sole discretion in determining the appropriate level of activity with the provision of Financial Products.” As stated earlier in the letter, OFN recommends SBA microlenders be considered to have a community development intent. However, for some of these microlenders, their loan portfolio might appear relatively small in comparison to the technical assistance or grants they might make as a percentage of budget/staff time. These entities could still be making significant number of loans, have positive community development impact and could be good candidates for certification. The flexibility built into the Financing Entity test could be an opportunity for more microlenders to become certified.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
414	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Financing Entity	OFN also agrees with the CDFI Coalition that the Financing Entity standard should be flexible during economic downturns. Many CDFIs often scale their grant making activity during periods of crisis, which can cause an applicant to fail the Financing Entity test for one year even if they have always met it historically. Meeting the needs of underserved communities is more critical than ever during an economic downturn. The CDFI Fund should adopt policies to ensure CDFIs are not punished in these circumstances	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
415	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Financing Entity	The Financing Entity Section of the application also states that asset information provided should be based on the Applicant’s information only and should not use a consolidated statement. Questions in this section request Applicant’s non-consolidated, current fiscal year-to-date financial statements. Some CDFIs only prepare a consolidated set of financial statements. The CDFI Fund should clarify how an Applicant should respond to this question if they only produce consolidated financial statements, and if organizations will be permitted to use these consolidated statements for the purposes of certification.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
416	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Target Market	<p>Target Market OFN strongly supports the new certification policy that will remove the geographic boundaries on most Target Market designations. We are especially pleased to see that CDFIs that serve certain Targeted Populations will be able to count all qualifying activity toward their Target Market requirements, regardless of geographic location. This policy change gives CDFIs more flexibility to make investments based on market conditions and need and eliminates a lengthy approval</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						<p>process to update their Target Markets. For CDFIs engaged in the Paycheck Protection Program and other COVID small business relief efforts, geographic restrictions on CDFI activity presented a difficult decision for many lenders: make PPP loans available or turn away businesses during a pandemic to preserve compliance with CDFI certification. For those CDFIs that made PPP loans to otherwise eligible borrowers, this change would ease the concern that they risk losing their CDFI certification by engaging in significant lending activity outside of their geographic Target Market.</p> <p>OFN agrees with the Fund that this change will allow CDFIs to expand their geographic footprint and serve more communities, while also allowing greater use of technology and reducing administrative burden.</p>	
417	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Target Market	<p>CDFIs Serving a Low-Income Targeted Population (LITP) - In general, OFN supports the Fund's flexible approach to Target Market verification processes, and the publication of a list of preapproved processes. This list will provide certainty for lenders as the new certification process is implemented and will also reduce the administrative burden on the Fund to review a large volume of requests.</p> <p>However, OFN is concerned that the Fund has not included this list of approved verification processes in this request for comment for input from the CDFI industry. If there will not be an opportunity to formally comment on the list, OFN urges the CDFI Fund to work with a cross-sector group of industry practitioners to develop the verification processes.</p> <p>Additionally, the proposed application does not outline the process for requesting approval of a new Target Market verification process not already accepted by the CDFI Fund. The Fund should outline their timeframe for review and approval of a proposed process and clarify if there will be an opportunity to discuss or amend a proposed verification process if the Fund declines to accept the proposed process. Since this approval can impact an organization's business decisions, the Fund should not implement the new requirements before consulting with CDFIs and fully developing the process for getting other methodologies approved.</p>	<p>The CDFI Fund has published separately a list of pre-approved Target Market assessment methodologies that Applicants and Certified CDFIs may use and rely upon to demonstrate that they are serving their identified Target Markets and an accompanying Request for Comment. Comments on the methodologies will be reviewed before the list is finalized.</p>
418	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Target Market	<p>Small business lenders with Low Income Targeted Population (LITP) Target Markets - Small business lenders in OFN's membership also expressed concern about using a verification methodology that qualifies deals as LITP based on benefits to End Users, not the borrower income. This method is allowed in the CDFI Fund regulations which states that "An entity may serve the members of a Targeted Population directly or indirectly or through borrowers or investees that directly serve such members." 7 This can include affordable</p>	<p>This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.</p>

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						<p>housing tenants, low-income users of community facilities, and low-income workers. However, the processes for verifying and documenting these End Users as has never been defined by the Fund.</p> <p>In the absence of guidance from the CDFI Fund, CDFIs developed their own methodology and documentation for reaching End Users, especially for low-income workers. As an example, a CDFI might lend to a business owner that has income above 80 percent of the area median income but employs low-income workers. The CDFI uses a legally binding Employment and Training Agreement in which the borrower commits to a certain level of low-income hires, along with wages and benefits. These agreements are customized to the needs and capacity of the business. The business provides wage and household information to the CDFI at least annually so that the CDFI does not have to individually certify each low-income household for every loan. The organization has been recertified based on that methodology without explicit recognition from the Fund. There is concern about what happens if that CDFI's process is found to be invalid under the new guidance. OFN urges the CDFI Fund to remove this uncertainty by explicitly recognizing the validity of considering End Users to qualify for LITP.</p>	
419	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Target Market	<p>Allowing community facilities lenders to qualify for LITP Target Market – The Fund should allow CDFIs that finance community facilities, to be certified for a LITP Target Market if at least 25 percent of the facility's beneficiaries are low-income. Community facilities like child care centers that meet a requirement to set-aside classroom slots to serve children from families with low incomes should be able to designate a LITP TM the way that affordable housing-focused CDFIs can serve a LITP TM through a set-aside of housing units for low-income residents.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
420	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Target Market	<p>Removing flexibility from Target Market threshold - OFN was also concerned that the certification application states "Applicants for CDFI Certification must meet the relevant Financial Product activity percentage threshold, without exception, in both the number and dollar amount of such activity - the CDFI Fund will discontinue its current practice of providing exceptions to the Target Market threshold requirement." There is no statutory nor regulatory requirement that states what percentage of a CDFI's activities must be devoted to Target Markets.⁸ The Fund implemented the 60 percent threshold through guidance, which builds critical flexibility into the certification process. Unforeseen events can impact a CDFIs ability to meet the 60 percent threshold, like a global pandemic forcing a short-term shift in a CDFI's lending activity. Organizations also pointed out that when a CDFI makes loans of very different</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						sizes and in different quantities, for instance a CDFI whose core business is microlending but makes one or two larger business loans. Such a CDFI may fail to meet the 60 percent threshold for both units and dollar amount. The proposed change is too rigid and needs to retain flexibility for the Fund to consider truly exceptional circumstances and temporary imbalances in the Target Market threshold.	
421	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Accountability	<p>Accountability OFN supports efforts to enhance accountability to Target Markets with new requirements for governing and advisory board participation. We also support the efforts to require greater representation from board members representing Other Targeted Populations (OTP) for CDFIs with OTP Target Markets. However, CDFIs in OFN's membership noted significant confusion about the practical implications of this requirement and raised several substantive questions about the proposal:</p> <ul style="list-style-type: none"> • CDFI employees serving on other CDFI boards - Can a CDFI board representative provide accountability as the representative of an organization that serves low income people or communities? One CDFI noted their board includes the Executive Director of another local CDFI. This individual is Native American, but the CDFI has a Low-Income Targeted Population Target Market, not an OTP-Native American Target Market. Under the current system, she would be considered as providing accountability for the LITP, because her organization serves low income people. However, the FAQs seem to suggest that her participation on the board could ONLY provide accountability for OTP-Native American or OTP-CDFI, neither of which is the organization's Target Market. 	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
422	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Accountability	<ul style="list-style-type: none"> • Local and regional Advisory Boards - Are local and geographic specific Advisory Boards included in the Accountability test's standards for CDFIs serving regional, national, and geographic specific Target Markets, such as rural communities? <p>While the changes are designed to ensure CDFIs are meaningfully connected to the needs of the communities they serve, CDFIs will need time to bring their boards into compliance with the new accountability requirements. Most Board members have multiyear terms so the timing of the implementation requirement will be consequential. OFN recommends that currently certified CDFIs have a grace period for compliance so that as exiting board members term off the boards, they are replaced with board members to meet the accountability requirements.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
423	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Development Services	<p>Development Services OFN urges the CDFI Fund to reconsider some of the changes proposed to the Development Services requirement. The</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while

Comment #	Organization	Author Name	Author Title	Letter Comment Date	Category	Comment	Response
						new application will impose restrictions on the delivery of technical assistance, which is highly customized to each organization and does not lend itself well to arbitrary standards. It is particularly crucial that the CDFI Fund recognize the importance of flexibility as the country navigates the COVID-19 pandemic and much of our collective activities move online. We encourage the CDFI Fund to allow CDFIs the flexibility to offer Development Services in the form most appropriate to each customer. OFN echoes CDDBA's concern that mandating how and when CDFIs provide Development Services as a condition for certification will: (1) unnecessarily increase the costs of delivering community development services and products; (2) put the CDFI Fund in the position of micro managing how CDFIs serve their customers; and (3) remove the flexibility needed to tailor services to each customer.	establishing final certification policies.
424	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Development Services	Elimination of one on one technical assistance - Defining a Development Service as "a formal stand-alone training, counseling, or technical assistance service . . . that the entity offers separately and distinctly from its other products/services." The CDFI Fund proposes eliminating one-on-one technical assistance (TA), provided in conjunction with a product or other service as an eligible Development Service. Every customer is different, and CDFIs of all types are experts in recognizing and responding constructively to that individuality. Not all clients want or need, nor is it always feasible for CDFIs to offer structured, classroom-based TA. CDFIs should have flexibility in how they deliver TA based on the needs of their customers.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
425	OFN	Dafina Williams	Senior Vice President, Public Policy	11/5/2020	Development Services	Prohibiting "Information presented in newsletters, flyers, or online." - During this period of national emergency caused by the COVID-19 pandemic, OFN urges the CDFI Fund to allow CDFIs to safely serve their communities at a distance, especially through online delivery, which has been deemed adequate for other essential services ranging from primary-level education to the CDFI Fund's own advisory board meetings.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
426	PYT FUNDS	Stacie Whisonant	None	None	Application	The Technical Assistance Application vs The CDFI Application: For start-up companies and smaller organizations it would be helpful if the CDFI Fund would award grants or support to specifically address the reason for the application. We recognize that there is a technical assistance application, but the certification application does not differ in difficulty of completion. Thus decline applications should be fast tracked or automatically referred to the Technical Assistance Program.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
427	PYT FUNDS	Stacie Whisonant	None	None	Application	a) Provision Suggestion: Another improvement is that there could be a provisional certification for strong applications. Allowing the organization to do the work for 1-2 years and	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while

Comment #	Organization	Author Name	Author Title	Letter Comment Date	Category	Comment	Response
						cure whatever issue that did not allow for full approval. b) Funding/Supporting Suggestion: By creating the sandbox, startups and small organizations can raise funds and support to complete our project.	establishing final certification policies.
428	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Primary Mission	Primary Mission Test The CDFI Coalition supports the CDFI Fund's efforts to strengthen the primary mission test by evaluating the Financial Products that Applicants provide to underserved borrowers. Indeed, we believe that the primary mission test is the most important tool for protecting the CDFI brand and ensuring all CDFIs offer responsible Financial Products that truly benefit underserved people and communities. The following recommendations would improve the test and ensure that it aligns with trends in the CDFI industry.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
429	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	General	The Coalition recommends that the CDFI Fund grandfather in existing certified CDFIs after the CDFI Certification application is finalized and allow a grace period of at least 18 months for organizations to make any changes necessary to maintain their certification.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
430	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Primary Mission	Aligning with other federal programs benefiting underserved borrowers -A CDFI Certification Applicant or Affiliate with a mission to support underserved markets through approved federal government loan should be deemed to satisfy the Documenting Mission and Community Development Strategy test. It is unclear from the proposed CDFI Certification guidance if a CDFI Certification applicant or its Affiliate would meet the proposed Documenting Mission or Community Development Strategy components of the Primary Mission test if they were created solely for the purpose of serving underserved borrowers who can't receive credit elsewhere. CDFI Certification Applicants or Affiliates that are required by federal statute to provide financial products and services to underserved borrowers should automatically meet the Documenting Mission and Community Development Strategy sections of the Primary Mission test. For instance, SBA 7a and Microlenders are required to document that their loans went to businesses that couldn't otherwise access the capital, and are typically eligible for Community Reinvestment Act credit.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
431	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Primary Mission	The Coalition believes that other federal program requirements should serve as a sufficient proxy for meeting the Documenting Mission and Community Development Strategy sections of the Primary Mission test. The flip side of that equation is that the CDFI Fund should recognize fair lending violations or other sanctions handed down by other regulatory authorities Organizations that have a history of regulatory sanctions, predatory practices, or recent	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.

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						unsatisfactory ratings on Community Reinvestment Act exams, should be considered ineligible for CDFI certification. We agree with CDBA's recommendation that the CDFI Fund's certification process should allow the agency to consider external sources of information about the products and practices of an entity seeking certification or re certification. For example, such sources may include consumer complaints filed with the Consumer Financial Protection Bureau, a local Better Business Bureau, or state, local and Federal authorities, lawsuits or judgements against the lender, news media reports, and negative reports posted on social media. As part of its certification process, the CDFI Fund should have the authority to request and review all consumer facing product information (i.e. websites, brochures, loan agreements, pricing and fee calculations) as are presented to prospective and actual customers.	
432	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Primary Mission	<p>The treatment of affiliates The CDFI Fund should consider the size or percentage of Financial Products and Financial Services of an Affiliate relative to the CDFI Certification Applicant (i.e., balance sheet, number of employees, percent of overall lending) such that an Applicant would not be found ineligible on the activities of a relatively small Affiliate. Many CDFIs have Affiliates that provide specialized financing and services that may not necessarily specifically target low-income people and places, but may also only represent a very small part of the parent company's operations. Often, these Affiliates are created from their parent entity for legal and financial reasons. The Coalition recommends that Affiliates that reflect a small portion of a CDFI Certification applicant's overall Financial Product and/or Financial Services activity should not hinder the ability of the applicant from becoming or remaining certified. The Coalition supports LISC's recommendation that the CDFI Fund exempt Affiliates that reflect less than 10 percent of their parent entity's annual Financial Product and/or Financial Service activity (as measured by volume of activity or commitment of staff resources) from the Primary Mission requirements.</p> <p>The CDFI Fund should exempt Affiliates of nonprofit CDFIs that distribute their profits to the CDFI Certification Applicant, as long as they can meet all facets of the Primary Mission test. Some CDFI Affiliates are structured so that any annual profits are distributed to the parent entity to further their CDFI and community development mission. The CDFI Fund should exempt such Affiliates from the Primary Mission test since these entities further the capacity of the CDFI Certification applicant. These affiliates often help ensure the financial sustainability of the CDFI.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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433	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Development Services	In addition, as outlined in the CDBA recommendations, the Coalition believes that the nature, frequency, and amount of development services provided by a CDFI to its customers must be left to the discretion of each CDFI. Every customer is different, and CDFIs of all types are experts in recognizing and responding constructively to that individuality. For example, CDBA notes that the requirement that CDFIs "Demonstrate that (the CDFI) maintain control over the content and delivery parameters of their Development Service(s)" would prohibit CDFIs from receiving credit for delivering valuable and widely available financial literacy curricula. Requiring CDFIs to "control the content" implies that all CDFIs, including small, resource-constrained organizations, should manage to create innumerable, individualized curricula. The Coalition recommends that the CDFI Fund clarify that this language would not prevent CDFIs from receiving credit for delivering content created by another entity.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
434	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Primary Mission	With more than 1,100 CDFIs in all 50 states, simply evaluating an Applicant's board approved organizational documents or a narrative statement will not always be sufficient to ensure that an organization is practicing responsible lending and providing fair Financial Products. The Coalition recommends the CDFI Fund set clear standards for and create broad authority to deny or decertify entities that do not meet the letter or spirit of the CDFI mission. The strategies for accomplishing this would require a multi-prong approach based on CDFI business model type and lending products. This approach should be created with the input of the CDFI industry.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
435	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Primary Mission	Set the following baseline standards for mortgage products: The Coalition supports Self-Help's recommendation that for any home mortgages offered, product protections consistent with the qualified mortgage (QM) statutory protections: (a) no negative amortization, interest-only payments, or balloon payments; (b) adjustable rate mortgages underwritten at the maximum rate in the first five years; (c) maximum term of 30 years; and 4) total points and fees generally not exceeding three percent of the loan amount. These product protections will help ensure responsible mortgage lending while allowing innovation in underwriting that may benefit communities CDFIs serve.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
436	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Primary Mission	Reconsider the use of the Military Lending Act standards: The Coalition recommends allowing CDFIs to report using their existing APR calculations. We concur with OFN's comments that using the Military Lending Act (MLA) standard to calculate annual percentage rate (APR) would allow for standardized calculation across the industry, but requiring CDFIs to report APR using the MLA methodology adds yet	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						another layer of complexity to the existing web of reporting requirements. CDFIs would either have to choose to switch to the MAPR calculation for their lending to ease the CDFI Fund compliance burden, which would require amending their financing disclosures as well as the methodology underpinning them. Or they create an entirely separate system to make the MAPR calculation specifically for the CDFI Fund, which would also be costly and burdensome. As states provide greater oversight to consumer lending, CDFIs are already making multiple calculations of interest rates using different formulas: CDFIs engaged in small business lending in California are now required to make APR calculations under a formula in Regulation Z. A pending small business lending disclosure bill in New York would use another calculation of APR. A bill introduced in Congress by House Small Business Committee Chairwoman Nydia Velazquez (D-NY) would calculate APR using, G498yet again, a different formula.	
437	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Primary Mission	<p>Financial Products and Services: Allow flexibility for the diverse needs of underserved communities: The Coalition agrees with the comments from OFN that many of the options in the application questions assume incorrectly that there are standardized product and pricing definitions and standards in use within the CDFI or the financial services sector (i.e. "below market rate," "lower than standard," "nontraditional," "less established," "lower profitability," "mainstream underwriting criteria" among others). All the options force lenders to make blanket statements about products that may or may not be asserted uniformly across products and borrowers. CDFIs offer different products and development services to reach their Target Markets. The rates and fees charged to borrowers are reflective of the borrower's risk profile, market conditions, and the cost of capital to the CDFI. It is not always feasible to offer products at below market rate or other subordinate financing mechanisms. Further, loans made at market rates can still have a positive community development impact, especially for borrowers that cannot access mainstream finance OR borrowers that would potentially seek high-cost, predatory financing options.</p>	The CDFI Fund has eliminated the referenced question and significantly streamlined the Community Development Strategy data to be collected via this ICR.
438	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Primary Mission	<p>Minimum Standards CDFIs should be required to lend based on the borrower's ability-to-repay. We were pleased to see the Fund's advisement that loans should be made based on the borrower's ability-to-repay. We agree with the following comments submitted by Self-Help that lending be based on a borrower's ability to repay - while meeting other expenses, without needing to refinance/re-borrow, and without relying on collateral - is a fundamental tenet of responsible lending. Thus, a meaningful ability-to-repay determination considers</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						both the borrower's income and expenses. Responsible underwriting is especially important when, like most online loans today, a lender has access to the borrower's checking account and can repay itself automatically out of the account before a borrower can pay other essential expenses. Payment-to-income (PTI) ratios cannot substitute for underwriting. We also concur with Self- Help that the Fund should also monitor default rates, which may signal unaffordability. But low default rates alone do not mean borrowers have the ability-to-repay. Refinances mask unaffordability. And when a lender has a repayment mechanism, like electronic access to the account, the lender will often collect payment even when the borrower cannot afford the loan. Thus, review of default rates does not substitute for an upfront ability-to-repay determination.	
439	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Primary Mission	<p>Community Development Objectives Allow business development as a community development objective: Many CDFIs have a mission to support communities through incubators, small business development and entrepreneurship. Job creation and the creation of quality jobs: The community development objectives should include job creation. Quality jobs could be defined using recent research by the Federal Reserve.¹ Addressing the racial wealth gap: The CDFI Fund should also consider activities undertaken to close the racial wealth gap as a community development objective.</p>	The CDFI Fund has modified this question to include additional recommended options. Applicants also have the option to select "Other."
440	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Financing Entity	<p>Financing Entity The Coalition believes that the predominance standards are appropriate for CDFI certification since an entity should demonstrate to the CDFI Fund that the majority of its business is for Financial Products and/or Financial Services. However, the current application standards though do not allow the CDFI Fund any flexibility for maintaining an organization's certification if it does not meet this test during their annual certification review. This is G501 particularly critical during an economic downturn when CDFI customers need access to working capital and grants. Recommendations: Allow CDFIs to adapt to the needs of communities during an economic downturn. The Coalition believes flexibility is needed during periods of economic instability. Many CDFIs often scale their grant making activity during periods of crisis, which can cause an applicant to fail the Financing Entity test for one year even if they have always met it historically. Meeting the needs of underserved communities is more critical than ever during an economic downturn. The CDFI Fund should adopt policies to ensure CDFIs are not punished for doing so. One way of</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						achieving this would be to allow currently certified CDFIs to meet a threeyear average for the predominance test if an Applicant fails it during any given year. This is allowed for currently certified CDFIs in the Target Market test and would allow CDFIs to be responsive during periods of crisis without jeopardizing their certification status.	
441	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Target Market	Reconsider requiring that Target Market goals must be achieved by both dollar volume and number. The Coalition urges the CDFI Fund to continue its consideration reasonable explanations when a CDFI meets one metric but not the other. For example, a Microlender makes many small dollar loans in their LITP Target Market. However, the Microlender also made a few larger loans outside that Target Market to support Black business owners impacted by the pandemic. Due to the size of the loans, which were outside their Target Market, the Microlender may fall below the percentage on dollar volume, even though they exceed the percentage on loan numbers and Black entrepreneurs are underserved by traditional financial institutions.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
442	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Target Market	The RFIs and FAQ elude to a list of approved Target market verification processes, but this list does not yet exist. It states that CDFIs may request approval of an alternate process, but, again, that approval process and any guidelines also do not exist at this time. This information is necessary for the industry to review before the CDFI Fund finalizes the certification application and CTLR.	The CDFI Fund has published separately a list of pre-approved Target Market assessment methodologies that Applicants and Certified CDFIs may use and rely upon to demonstrate that they are serving their identified Target Markets and an accompanying Request for Comment. Comments on the methodologies will be reviewed before the list is finalized.
443	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Target Market	Target Markets The Coalition strongly supports the CDFI Fund's proposal to eliminate geographic restrictions on most Target Markets. Current practice requires that CDFI Certification applicants delineate boundaries for their Target Markets, which can result in CDFIs not receiving credit for activities outside of these places, which would otherwise be eligible. The current practice can inhibit CDFI financing for underserved people and communities due to administrative concerns on whether it will satisfy CDFI Certification and CDFI Fund award compliance requirements, which often mandate a certain percentage of activity in a CDFI's certified Target Market. This commonsense change will lower administrative burden for CDFIs and has the potential to increase impact. However, we have strong reservations concerning the removal of the flexibility on Target Market Thresholds.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
444	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Target Market	As the CDFI Fund develops its list, we recommend the inclusion of the following Target Market Verification Processes: Verification of Low-Income Target Population (LITP). Clarify the LITP definition with regard to end users: Some CDFIs verify their targeting of LITPs by documenting the	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						benefits to the end user, rather than the income of the borrower. This is allowed in the regulation and can include affordable housing tenants, low-income users of community facilities, and low-income workers; however, the processes for verifying and documenting these end users (including the use of federal proxies such as Supplemental Nutrition Assistance Program, or SNAP, eligibility) has never been defined by the Fund, and the practice has not been explicitly permitted. The CDFI Fund should recognize the validity of end users to qualify for LITP. For example, a childcare facility that serves low-income children whose families qualify for SNAP.	
445	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Target Market	LITP Census Block Group geocoding: While we realize this is an optional method, and believe it is intended to provide more flexibility, we are concerned that the geocoding tool has not yet been built. We look forward to seeing the tool.	The CDFI Fund has published separately a Request for Comment on Target Market assessment methodologies that includes a description of a potential geographic proxy for identifying members of a Low Income Targeted Population, and has posted a list of potentially qualifying census block groups on its website. Comments on the use of a proxy and the methodology will be reviewed before such a tool is made available if determined appropriate.
446	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Accountability	Allow consideration of local and geographic specific Advisory Boards for CDFIs which serve a regional or national Target Market. The Accountability portion of the current CDFI certification application is much more qualitative than the new proposed standards. Although Advisory Board is not defined in the CDFI Fund's regulations, the proposed guidance would restrict it to national Advisory Boards since it requires the Fund to consider "how the Advisory Board input is incorporated into the organization's Governing Board's decision-making process." The CDFI Fund should allow local and geographic specific Advisory Boards to be included in the Accountability test's standards for CDFIs serving regional, national, and geographic specific Target Markets, such as rural communities. These Advisory Boards ensure accountability to low-income people and places for local offices and rural activities of regional and national CDFIs.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
447	Rapoza Associates	John Holdsclaw, IV	Chair	11/5/2020	Accountability	Further clarification needed on how employees of CDFIs help a CDFI meet the accountability test. Question #17 of the FAQs for the Proposed CDFI Certification Application, ACR & CTLR raises a number of concerns and would benefit from further clarification or explanation by the CDFI Fund. It states that "An employee of a certified CDFI may meet the accountability test on the basis of her or his employment for a certified CDFI only (emphasis added) when serving as a board member for a CDFI with a Target Market of OTP-CDFI. An employee of a CDFI may still serve on the board of other CDFIs that do not have a Target Market of OTP-CDFI, but	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						<p>must meet the accountability test based on other accountability criteria. For example, a Hispanic employee of a certified CDFI may meet the accountability test if serving on the board of another CDFI with a Target Market of OTP-Hispanic on the basis of being a member of the Other Targeted Population. However, a white employee of a certified CDFI would not meet the accountability test if serving on the board of another CDFI with a Target Market of OTP-Hispanic, even if the CDFI by which the board member is employed also has a Target Market of OTP-Hispanic. Either employee would meet the accountability test if serving on the board of another CDFI with a Target Market of OTP-CDFI." The current language appears to indicate that CDFI employees/board members could only serve on the board of a CDFI that is serving other CDFIs (i.e. CDFI Intermediaries) or if the employee demonstrates accountability through another characteristic (such as race or ethnicity). This rule is particularly perplexing for CDFIs with a Low Income Targeted Population (LITP) Target Market, which is also a Targeted Population Target Market. Other examples of this issue have also been identified in comments submitted by OFN. It is common practice for leaders of CDFIs to sit on each other's governing boards to meet the accountability requirements for CDFI Certification as well as to provide their expertise and partnership opportunities. The Coalition urges the CDFI Fund to provide additional clarity on Question 17 of the FAQs regarding the Revised CDFI Certification Application, the Revised Annual Certification Report and the Certified Transaction Level Report. Specifically, the Coalition would appreciate language that says CDFI employees and board members may serve on the governing boards of other CDFIs (particularly those with an LITP Target Market), as is currently common practice, and explain any situations where such a practice would not be permitted and why.</p>	
448	Royal Credit Union	Heather Johnson Schmitz	Grant & Giving Coordinator	10/23/2020	Application	<p>The proposed application erects significant and costly barriers that would dissuade and exclude many highly committed and fully qualified CDFI credit unions. Without fundamental changes, the proposed application may result in an exodus of credit unions from the ranks of certified institutions, depriving the CDFI movement of irreplaceable sources of capital, innovation, and community impact.</p>	<p>The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.</p>
449	Royal Credit Union	Heather Johnson Schmitz	Grant & Giving Coordinator	10/23/2020	Basic Information	<p>The proposed Basic Information section includes ten questions that ask credit unions to demonstrate that our governing boards are democratically elected by our members. Since every credit union¹ is required by law to have governing boards that are democratically elected by members, these questions reflect a lack of understanding of the credit union model.</p>	<p>The CDFI Fund agrees with this comment and has eliminated the referenced questions in the Basic Information section of the Application.</p>
450	Royal Credit	Heather	Grant &	10/23/2020	Application	<p>As an insured depository subject to rigorous regulatory</p>	<p>The CDFI Fund has made significant changes to</p>

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	Union	Johnson Schmitz	Giving Coordinator			standards, intensive examination and public reporting, Royal Credit Union is concerned that the proposed application creates a parallel, quasi-regulatory process that ignores the clear parameters already established by our regulators. In addition, there are numerous elements that ignore or misunderstand characteristics of credit union legal and operational structure. Finally, as a CDFI and member of Inclusiv, we share a concern that the proposed changes would make CDFI certification too costly for the vast majority of eligible credit unions, with a disproportionate impact on those that serve rural and minority communities. As a result, we support Inclusiv's call for a redesign of the proposed certification application based on the comments collected during this period and also with substantive consultation with the CDFI field during the redesign process itself.	the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
451	Royal Credit Union	Heather Johnson Schmitz	Grant & Giving Coordinator	10/23/2020	Accountability	The proposed Accountability section amplifies this fundamental misunderstanding by only recognizing the accountability of our democratically elected boards for narrowly defined target markets that make up more than 50% of our members. In the private sector more than 50% of voting shares is defined as a "controlling interest" and activist investors often change corporate boards with just 4% of the voting shares. Since credit union boards are democratically elected on the basis of one-member, one-vote, our boards are directly accountable to all of our members, not just a segment with a controlling interest. The provision for "special" accountability should be available to any CDFI with a board that is democratically elected by the people they serve, and should confer automatic accountability on any credit union or other democratically governed institution that meets the Target Market requirement for certification.	In recognition of the regulatory requirements placed on a credit union's governing board, the CDFI Fund has established an option by which a credit union may demonstrate Accountability to its Target Market(s) based on its membership and the use of an advisory board. The CDFI Fund believes that this policy is appropriate and ensures accountability to the Target Market(s) while reducing burden caused by the ICR for credit unions that meet these conditions.
452	Royal Credit Union	Heather Johnson Schmitz	Grant & Giving Coordinator	10/23/2020	Accountability	In addition, as Diversity, Equity and Inclusion (DEI) has been adopted as the 8th Cooperative Principle for all credit unions, we support Inclusiv's proposal to add a question regarding institutional plans to promote and sustain DEI.	The CDFI Fund will collect Basic Information data on the demographics of an Applicant's governing board and executive staff.
453	Royal Credit Union	Heather Johnson Schmitz	Grant & Giving Coordinator	10/23/2020	Primary Mission	The proposed Primary Mission section fails to recognize that credit unions and other regulated CDFIs already operate within strict parameters imposed by our regulators and CFPB to safeguard against predatory products and practices. Instead, the section requires a series of questions with drop-down answers and descriptive narratives on every financial product and service we provide. These questions often use non-standard terminology and provide limited drop-down options that would distort understanding of the variety of credit union products/services, which are subject to vigorous and ongoing innovation and expansion.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.
454	Royal Credit Union	Heather Johnson	Grant & Giving	10/23/2020	Target Market	The proposed Target Market section would lower the Target Market threshold for loans to 50% for Insured Depositories	The CDFI Fund has made significant changes to the ICR based on comments received and

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		Schmitz	Coordinator			<p>provided that more than 60% of “financial services” are in CDFI Target Markets. We support this effort to recognize the special obligation of depositories to diversify risk across markets. However, the proposal to count financial services as number of accounts is biased, since wealthier members will always have many more savings, money market, investment, IRA Keogh and other accounts than our low-income members.</p> <p>Indeed, many of our lowest-income members only have basic share or share draft accounts that give them access to the check-cashing, money order, bill-pay and other transaction services they depend on most heavily. In other words, contrary to the democratic ethos of credit unions, the CDFI Fund proposes to measure financial services by counting our wealthier members many more times than our lower income members. We support the Inclusiv proposal to use a straightforward count of unique credit union members as a more accurate proxy indicator for financial services.</p>	interagency consultations, and the data collected is specific and required for business purposes and compliance.
455	Royal Credit Union	Heather Johnson Schmitz	Grant & Giving Coordinator	10/23/2020	Development Services	<p>The proposed Development Services section adds inflexible requirements that rule out many of the most effective educational, counseling and coaching services we provide to our members. For example, the CDFI Fund proposes to eliminate consideration of one-on-one support provided in conjunction with a product or service. This ignores considerable research – including recent work by Inclusiv and CFSI – that challenge the effectiveness of stand-alone financial education and counseling and instead emphasize the importance and positive impact of delivering key messages at “teachable moments,” in conjunction with appropriate products and services.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
456	Royal Credit Union	Heather Johnson Schmitz	Grant & Giving Coordinator	10/23/2020	Legal Entity	<p>The proposed Legal Entity section continues to rely on copies of historic documents to confirm the legal status of each CDFI. The cumbersome collection and review of old documents does not establish whether an entity is both legal and currently active, but there is a readily available federal system that does. We support Inclusiv’s proposal to use registration with SAM.GOV to meet the legal entity requirement for certification. In addition to efficiently addressing the legal entity requirement, SAM registration would ensure that every CDFI is ready to participate in CDFI Program funding rounds as soon as they are certified.</p>	The data to be collected via this ICR is specific and required for business purposes and compliance.
457	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Application	<p>We do, however, have very serious concerns about many of the proposed changes, and we urge the fund to engage further with stakeholders before finalizing these changes. If implemented, they would create unnecessary barriers to become or remain a CDFI and would result in unintended consequences, such as requiring CDFI banks to intentionally limit their activities in certain portions of their Target Markets. The proposed changes would also introduce, for the</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						first time, a great level of uncertainty as to exactly what is required to become a CDFI.	
458	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Target Market	<p>Primary Examples of Problematic Changes The "85% Rule" for Customized Investment Areas</p> <p>The chief example of a problematic change relates to the proposed new requirements for Customized Investment Areas (CIA). CIAs are a critically important feature for banks because they are required by law to serve their entire market, not just qualified tracts. But the new requirement that 85% of activity directed to a CIA must be to qualified census tracts in the CIA effectively renders the entire option irrelevant. To comply, many banks would have to refuse to serve ineligible census tracts in their Target Market, as though community bank lending in individual census tracts can be turned on and off like a kitchen faucet. Even if CDFI banks could effectively limit their lending within certain portions of their Target Markets, which is not possible, the frequent monitoring required to satisfy this counterintuitive requirement would be prohibitive, and in any case, very few banks would be able to meet the 85% mark. From a purely mathematical standpoint, even those that could designate a CIA which meets the 85% mark would likely also satisfy the Pre-qualified Investment Area and prefer that option anyway. Thus, the new 85% rule essentially renders the Customized Investment Area useless, depriving it of its primary benefits, especially for CDFI community banks, which are bound by tradition and regulation to serve their entire geographic market areas. We discuss this issue in greater detail and propose alternative approaches below.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
459	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Primary Mission	<p>Twelve-month Waiting Period after Primary Mission Adoption</p> <p>Another example of a problematic change is the required timing of Board-approved Primary Mission documentation. Promoting community development to a geographic market area is the sine qua non of community banking, and nearly all banks considering whether to apply for CDFI certification have previously adopted written mission statements providing that they seek to do so. In our experience, however, banks' existing written mission statements do not satisfy every technical requirement of 12 CFR § 1805.201(b) (1); as a result, nearly every community bank that applies for CDFI certification has its board of directors review and approve a CDFI Primary Mission statement, ensuring that the bank's mission explicitly includes language satisfying the regulatory requirements for certification. The proposal to require that a board-approved mission statement be in place for 12 months prior to applying is therefore tantamount to an automatic one-year waiting period for otherwise-eligible community banks to apply for CDFI certification. This is a</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						significant and unnecessary barrier to entry, and we have proposed an alternative rule below.	
460	Sones & White	Everett White & Ben Sones	Member	11/5/2020	General	Given the volume and complexity of the proposed changes, we urge the Fund to engage further with stakeholders prior to finalizing any changes to the certification process. Many of these proposed changes are interconnected to other provisions and require multiple layers of discussion to fully address the implications. Although we have made a good faith effort here, we do not think it's feasible to adequately address all of the issues in a letter.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
461	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Target Market	Exclusion of Non-Metro Counties A third example is the proposed exclusion of non-Metro counties as an option for the basic geographic unit. The regulations place the census tract and the non-Metro county at the same level—either can serve as the foundational unit of an Investment Area—but the Fund frequently selects census tracts as the only available unit for certain purposes. The new 85% rule for Customized Investment Areas and the accountability requirements for board members, to name just two examples, are keyed to qualified census tracts only. This affects banks in rural communities disproportionately because they often are required to serve their entire counties as part of their market and cannot realistically tailor their mission to particular tracts within these counties.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
462	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Basic Information	Basic Information & Legal Entity Our comments regarding these two sections of the proposed Application relate primarily to the issues of clarity and the reduction of unnecessary burden. With respect to the Basic Information section, we request that the Fund modify the proposal to clarify that one set of responses to BI-FP03 through BI-FP10 is needed. As it is currently worded, this portion of the proposed Application could be interpreted as requiring many separate sets of responses to BI-FP03 through BI-FP10 for a typical CDFI bank. For example, a typical community bank Applicant could respond separately regarding each of the following categories of loan: <ul style="list-style-type: none"> ▪ Home mortgage loans ▪ Home mortgage lines of credit ▪ Residential real estate development loans ▪ Residential real estate development lines of credit ▪ Residential real estate loans purchased from Certified CDFIs ▪ Residential real estate loans directed to the Applicant's proposed Target Market purchased from entities without CDFI Certification ▪ Commercial real estate loans ▪ Commercial real estate lines of credit ▪ Commercial real estate loans purchased from Certified CDFIs ▪ Commercial real estate loans directed to the Applicant's 	The CDFI Fund significantly streamlined the data to be collected via this ICR and the data collected is specific and required for business purposes and compliance.

Comment #	Organization	Author Name	Author Title	Letter Comment Date	Category	Comment	Response
						<p>proposed Target Market purchased from entities without CDFI Certification</p> <ul style="list-style-type: none"> ▪ Consumer loans ▪ Consumer lines of credit ▪ Business loans ▪ Business lines of credit ▪ Microenterprise loans ▪ Microenterprise lines of credit ▪ Auto loans ▪ Other (e.g., county and municipality loans) <p>Thus, the proposal can be interpreted as requiring a typical bank applicant to respond to these questions 18 times. If this interpretation is correct, then the proposed questions need to be simplified and generalized so that Applicants only have to reply to these questions once. If this interpretation is incorrect, then clarification is needed.</p>	
463	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Basic Information	<p>We have the same comment with respect to questions BI-FS02.1 through BI-FS02.5, since most community bank Applicants provide all or most of the following Financial Services:</p> <ul style="list-style-type: none"> ▪ Savings Accounts ▪ Checking Accounts ▪ Certificates of Deposits ▪ Money Market Accounts ▪ Check Cashing ▪ Money Orders ▪ Certified Checks ▪ Automated Teller Machines ▪ Safe Deposit Box Services <p>To require most community bank Applicants to answer these questions nine separate times would be unduly burdensome.</p>	The CDFI Fund significantly streamlined the data to be collected via this ICR and the data collected is specific and required for business purposes and compliance.
464	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Basic Information	<p>In addition, BI-FP07 ("Is this Financial Product on-balance sheet for the Applicant?") needs clarification. Does this mean, "Was this Financial Product closed in the name of the Applicant and with the Applicant's own funds?" Or does it mean, "Does this Financial Product remain on the Applicant's balance sheet at the present time?" Or does it have another meaning entirely? We believe the first meaning suggested above is the one intended by the Fund, but confirmation is needed.</p>	The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.
465	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Legal Entity	<p>Our only comment regarding the Legal Entity section of the proposed Application is that this provision of information and documentation is redundant and unnecessary, since all or nearly all certified CDFIs also maintain a registration with SAM.gov. We suggest that the Fund should consider requiring Certification Applicants to first become registered with SAM.gov, so that the Fund can then rely on the SAM.gov vetting process to establish that the Applicant is in fact a legal entity.</p>	The data to be collected via this ICR is specific and required for business purposes and compliance.

Comment #	Organization	Author Name	Author Title	Letter Comment Date	Category	Comment	Response
466	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Primary Mission	<p>Primary Mission We support the Fund in its desire to have a meaningful Primary Mission requirement, and we believe that a strong Primary Mission requirement is key to protecting the CDFI brand. But we also have serious concerns about each of the three proposed categories of changes. As set forth in more detail below, the proposed documentation requirements create a 12-month waiting period that is unwarranted, especially if applied to community banks and other regulated institutions. Moreover, the lengthy series of questions regarding reasonable community development strategy and responsible financing practices are confusing, create great uncertainty as to whether an entity satisfies the Primary Mission requirement, and are largely unnecessary for community banks that are regulated by other state and federal agencies.</p> <p>Twelve-Month Waiting Period We agree with the Fund's policy of requiring CDFI Certification Applicants to demonstrate that their community development mission has been in place for at least 12 months, but we are opposed to the Fund's proposal as written.</p> <p>Proposed PM08 appears to explicitly require a 12-month waiting requirement between adoption of formal board-approved documentation and submission of the CDFI Certification Application. We oppose any formal waiting period, particularly as applied to banks and other regulated institutions, for the reasons discussed below. To our knowledge, in preparing approximately 100 CDFI Certification Applications on behalf of banks and bank holding companies, four facts have consistently held true:</p> <ol style="list-style-type: none"> 1. Every one of these regulated institutions had an existing primary mission of promoting community development in its geographic market and had been delivering a high volume of financial products and services to its market for multiple years in furtherance of that mission. 2. Not a single institution had previously adopted a Primary Mission statement that technically satisfied each element of the regulatory language in 12 CFR § 1805.201(b)(1). 3. Every institution's Board adopted a CDFI-compliant Primary Mission statement prior to submitting an Application, having concluded that the newly adopted language did not represent a substantive change from the institution's existing mission. 4. No institution has materially altered its operations after adopting its CDFI Primary Mission statement. As these facts show, requiring a 12-month waiting period after board adoption of the Primary Mission documentation would not in any way serve to verify or substantiate regulated institutions' 	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

Comment #	Organization	Author Name	Author Title	Letter Comment Date	Category	Comment	Response
						community development missions. Rather, such a waiting period would present an unnecessary barrier to entry for prospective CDFI banks that have existing community development missions and seek to engage in the certification process. Simply put, if the provision of Financial Products shows that a regulated institution has been faithfully serving a qualified Investment Area for years, why should they have to wait a year to become a CDFI? We urge the Fund to eliminate the 12-month waiting requirement after adoption of formal Primary Mission documentation. But if it remains, we invite the Fund to create an expedited path for community banks and other regulated institutions to satisfy this Primary Mission requirement. To that end, we propose the following rule for regulated Applicants utilizing Investment Area Target Markets. We agree that CDFI Certification Applicants should be required to demonstrate that their community development mission has been in place for at least 12 months. However, it does not follow that the Fund should require in every case that 12 months must elapse between board approval of the Primary Mission documentation and submission of the CDFI Certification Application. We would ask that the proposed Application be amended to eliminate this formal waiting period. Moreover, we advocate an explicit policy relating to community banks and other regulated institutions, permitting them to utilize their continuous branch presence in their proposed Investment Area(s) to demonstrate that their community development mission has been “purposefully directed” to their Target Market for 12 months.	
467	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Primary Mission	<p>Community Development Strategy</p> <p>Our fundamental issues with the proposed “reasonable community development strategy” requirement are (1) its lack of clarity and (2) its narrowness and inflexibility. Turning first to clarity, this portion of the proposed Application creates a great deal of uncertainty. How many questions require a “Yes” before your strategy is reasonable? Is a “No” on any particular question fatal? We acknowledge that the Fund has asked for comment on these very questions, but the proposed changes are sweeping and multifaceted, making it difficult to provide helpful comment in the form of a letter. Regarding narrowness and inflexibility, we are left wondering why many of the proposed community development strategy questions require the Applicant to select a specific option from a dropdown menu, implying that all CDFI community development strategies fit within a handful of narrowly tailored categories. We do not see the utility of baking into the Application prescribed lists of acceptable “community development objectives”; supported “outputs or outcomes”; and special “terms, conditions, or</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

Comment #	Organization	Author Name	Author Title	Letter Comment Date	Category	Comment	Response
						practices” for Financial Products and Services. Either Applicants are required to include such terms in their Financial Products and Services, which is narrow and unavoidably arbitrary, or they are not required to include such terms in their Financial Products and Services, which begs the question as to why these questions are included in the first place. The proposed changes to this portion of the Application are wide-ranging and consequential, and as presented they produce more questions than answers for stakeholders. Indeed, these proposed changes raise so many questions that it is difficult for stakeholders to comment in any comprehensive way. Depending on the answers to these questions, further questions will arise, creating the need for a nuanced and multi-layered discussion between stakeholders and Fund staff before adopting such sweeping changes. This underscores our overarching request that the Fund engage further with stakeholders before moving forward with finalizing changes.	
468	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Primary Mission	i. PM17 Why MAPR? The Military Annual Percentage Rate is used very infrequently by consumer lenders. Most lenders are much more accustomed to the “Annual Percentage Rate” (APR), which is required by the Truth in Lending Act (Regulation Z) to be disclosed in connection with all consumer loans. What is the consequence if an Applicant does have a product that exceeds 36% MAPR? What kind of explanation suffices?	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
469	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Primary Mission	ii. PM18 Why does PM18 ask about “ability to repay”? For regulated institutions, this language is laden with regulatory baggage, since the “ability to repay” rule is a very specific rule within Regulation Z which governs certain dwelling-secured loans—a rule from which CDFIs are exempt. While all banks ensure their borrowers can afford their loans, this use of “ability to repay” language is problematic. Also, why does the “ability to repay” question apply only to “non-consumer” loan products? If it is to be limited in its application, we would suggest the opposite—that it should apply only to consumer loans. What is the consequence if an Applicant has a product for which the answer to PM18 is “No”? For example, the majority of small community banks offer affordable home loans which have 3- to 7-year terms but amortize over a longer period (e.g., 15 years). These loans are then renewed (i.e., refinanced) for successive terms until they fully amortize. These products often serve as the only affordable home lending option for many borrowers in distressed and underserved market areas. The proposed rule would create uncertainty for most community bank Applicants, since they	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.

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						would have to answer "No" to PM18 and would not be certain whether their narrative explanation might prove acceptable to CDFI Fund reviewers.	
470	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Primary Mission	iii. PM19 Why does this question apply to "each of the Applicant's loan products," when such disclosures are not required, and often not provided, for commercial loans?	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
471	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Primary Mission	iv. PM20 How formal does a "program" for struggling borrowers have to be in order for an Applicant to answer "Yes" to PM20? Most local community bank CDFIs are exceptional at providing a variety of flexible modification and workout solutions for struggling borrowers, but many bankers may not consider these solutions to be part of a formal "program." v. PM25-PM29 Why these particular deposit account features? We believe most CDFI banks would be able to respond with a "Yes" to many or most of these questions, but the terms indicated are very specific and cannot avoid being somewhat arbitrarily chosen. Is it required that a depository institution CDFI offer accounts with these terms? If not (or if only some are required, but not all), why are depository institution clients burdened with providing additional narratives for each "No" response to these questions? As the questions noted above demonstrate, the Responsible Financing Practices section of the proposed Application creates a great deal of uncertainty and appears to rigidly favor certain specified account features and programs. Most importantly, these proposed questions greatly increase the burden associated with applying for CDFI Certification, since Applicants will be called upon frequently to provide narratives explaining why the Applicant is unable to answer "Yes" to this or that question. When coupled with the uncertainty as to whether reviewers will accept these narrative explanations as sufficient, this added burden creates a substantial barrier to entry for institutions considering applying for CDFI Certification.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
472	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Target Market	Target Market Investment Areas Generally While we strongly support both the retaining of Customized Investment Areas (without the new 85% rule) and the creation of Pre-qualified Investment Areas, we have two comments that apply equally to both CIAs and Pre-qualified IAs. First, the amended Certification Application should fully embrace the non-Metro county as a basic geographic unit for all Investment Area-related purposes. As written, a Pre-qualified IA can be "comprised of qualified census tracts only." ⁸ We propose that qualified non-Metro counties be added as an option. Our proposal is supported by the	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						<p>applicable regulation, which places non-Metro counties and census tracts on the same footing. Specifically, the regulation provides that an IA “shall consist of a geographic unit that is a county (or equivalent area),...census tract, or Indian Reservation.”⁹ There is an exception for Metropolitan areas, where geographic units “shall be limited to census tracts[] and Indian Reservations”¹⁰, but the rule for non-Metro areas is that counties and census tracts are both geographic units that can serve as the basis of an IA. For both Pre-qualified IAs and CIAs, Applicants should have the option to elect either census tracts or non-Metro counties as the basis geographic unit of the Investment Area. Our proposal to include non-Metro counties is also supported by the fact that regulated institutions operating in non-Metro counties are propelled by both their business model and regulatory requirements to serve the entire county. Most non-Metro counties have populations of between 1,000 and 40,000 people, so that many non-Metro counties are comparable in population to individual census tracts in Metro areas. For example, Jim Hogg County, Texas has a total population of 5,200 residents divided into two census tracts, whereas single census tracts in Metropolitan areas often have populations in excess of 10,000. In non-Metro areas, it is not feasible for regulated institutions, which traditionally provide a full array of loan and deposit services to the entire community, to pick and choose between individual census tracts. Further, regulated institutions serving non-Metro counties are required to include the entire counties in their CRA Assessment Areas. For these reasons, it is particularly important for regulated institutions serving non-Metro counties to be permitted the option to include these counties as a basic Investment Area unit.</p>	
473	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Target Market	<p>Our second comment regarding Investment Areas generally concerns the method for calculating the number of deposit accounts for purposes of satisfying the 60% requirement for Financial Services activity. In the October 2020 FAQ, the Fund articulated its methodology, announcing that Applicants “must demonstrate that at least 60% of all depository accounts newly opened during the prior 12-month period were held by a member of a Target Market...” The Fund reasoned that this test is similar to the loan origination test for Financial Products. Prior to the October 2020 FAQ, the Fund’s intention to use newly opened accounts opened during the prior year rather than all accounts held at a point in time was not apparent. This proposed methodology is a significant departure from the current methodology, which considers dollar balances (rather than individual accounts) and includes all deposits held at a point in time (not just new accounts opened during the prior year). We support the</p>	<p>The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.</p>

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						<p>focus on individual accounts rather than dollar balances, since this measure more accurately reflects the total mix of Financial Services recipients served by the Applicant. However, we oppose the proposed shift to focus on new accounts opened rather than all accounts held at year end. In the first place, depository institutions provide services to deposit accounts throughout the life of the account, so each account held at the time should count as a Financial Service provided for purposes of the Target Market calculation. Second, only considering new accounts opened during a 12-month period will provide an insufficient sample size, will result in less stable Target Market calculations that vary greatly from year to year, and will unduly prejudice a depository institution that may have just entered a new market or acquired a branch in an area with a mix of qualified and nonqualified areas. We therefore recommend that the Fund should count each unique account held at a point in time (not just new accounts opened during the prior year) for purposes of the calculation.</p>	
474	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Target Market	<p>Customized Investment Areas Many CDFI banks and other regulated institutions serve a market that is a combination of both qualified and non-qualified areas, and they are prevented by the community banking business model and applicable regulatory requirements from refusing to serve specific geographic areas within their markets. Thus, the ability to select one or more contiguous IAs that fairly represents their market is both equitable and essential for these institutions to become or remain certified CDFIs. We also support the Fund's impulse to create some sort of proportionality between the level of activities that a CDFI directs to eligible areas in its CIA and the level directed to ineligible areas. But the proposed rule requiring that 85% of financing activity directed to a CIA11—presumably by both number and dollar volume?—must be in qualified census tracts in the CIA is absolutely unworkable and is the functional equivalent of eliminating CIAs altogether. As the discussion below demonstrates, this 85% rule should be removed or dramatically revised. It must initially be noted that this 85% rule is one of the most profound changes in the entire Application but was embedded in the proposal as a sort of programmatic “Easter Egg.” We initially misread this 85% rule as an in artful phrasing of the 85% population rule regarding inclusion of ineligible geographic units within an Investment Area, but on closer inspection we found that a new rule regarding percentage of activities directed to eligible census tracts was in fact plainly stated (though quite briefly and in passing). This proposed 85% rule is a sea change in how Investment Areas work. We highlight this issue because we are aware of</p>	<p>This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.</p>

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						several other stakeholders who did not notice this change and may not provide extensive comment, since it was not highlighted in any of the published documents, was not mentioned in the Fund's summary slide deck, and is confusingly similar to the 85% population rule, thus blending into the Investment Area description. Moreover, we want to respectfully challenge what appears to be the foundational assumption underlying this new rule: that if 85% of the population in a CIA lives in eligible areas, then 85% of the CDFI's financing activities in the CIA should be directed to eligible areas. This assumption is not tethered to economic reality. The average loan amount in non-qualifying areas is often significantly higher than in eligible areas. Similarly, loan demand in non-qualifying areas typically outpaces loan demand in eligible areas by a wide margin. In short, it is simply not feasible for many institutions—especially regulated institutions—to meet their obligations to serve their entire market and satisfy this proposed 85% rule. In fact, our analysis of 42 CDFI banks presently utilizing geographic Investment Areas reveals that less than 17% of them currently satisfy the proposed rule. This is a stunning indicator of how vastly this rule would alter the existing CDFI diversity landscape.	
475	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Target Market	The Proposed Application also states that “financing activity to individually non-qualifying census tracts within a Customized Investment Area should support the financing activity within the qualified census tracts.” It is not clear what the Fund means by “support” in this context. We request that this be clarified.	The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.
476	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Target Market	Below are a variety of additional reasons why we strongly oppose the 85% rule. The rule is unnecessary. Under the current regime, an IA must be contiguous and more than 85% of the population must be in qualified geographic units. These population and contiguity requirements, in combination with the 60% threshold, work together to ensure that financing activities in IAs actually benefit distressed areas. Even if a higher percentage of a CDFI's financing activities are directed to non-qualified geographic units, the benefits of this financing do not end at the county line or census tract boundary because communities of people do not conform to map boundaries. Thus, financing in non-qualifying areas necessarily supports and revitalizes the surrounding eligible areas. Moreover, the 85% population requirement provides an effective limit on the non-qualified areas that can be included in an IA. The rule is impossible for many regulated CDFIs. As noted above, unlike loan funds and other unregulated institutions, regulated CDFIs are required by the community banking business model and by applicable law to adequately serve their entire market. They are	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						<p>regularly examined on whether they are effectively meeting the needs of their entire market. If this 85% rule were enacted, banks would be faced with a catch-22 of either complying with their regulatory mandate or violating the mandate in order to remain certified as a CDFI. This catch-22 would effectively eliminate CIAs as a continuing option for most CDFI banks seeking to serve their entire market; therefore, the proposed new 85% rule will severely damage the CDFI banking sector and greatly limit the diversity of institution types in the CDFI industry. The rule renders CIAs irrelevant for nearly all CDFIs. If the 85% rule stands, CIAs will become obsolete. Virtually all CDFIs will be forced to try and meet the Pre-qualified IA test. Expressing the math effectively in a comment letter would be difficult, but suffice it to say that with the new 85% rule in place, the scenarios in which a CDFI would elect to designate a CIA rather than a Pre-qualified IA are extraordinarily limited. Let us refer again to the stunning statistic cited above—that less than 17% of the 42 CDFI banks we analyzed currently satisfy the new 85% rule. We went one step further in this analysis and found that, of those few CDFI banks (7 out of 42) that actually do currently meet the proposed new 85% rule, every single one of those banks also directs at least 60% of its loan volume to Pre-qualified IAs. We thus failed to locate a single bank that satisfies the new 85% rule for CIAs but does not satisfy the thresholds for designating a Pre-qualified IA. In other words, not one of the 42 CDFI banks we analyzed would benefit from designating a CIA with the new 85% rule in place. Lastly, the rule creates a perverse incentive. For the few Depository Institutions that may decide to use CIAs under the new 85% rule, the rule creates a perverse incentive to intentionally ignore demand from ineligible areas that are included in their CIA. This concept of intentionally not targeting portions of your Target Market is counterintuitive and untenable. Imagine, for example, a loan officer apologizing to a prospective customer that the bank refuses to finance the purchase of a building because the census tract is not eligible and the loan would bump the bank over the 85% threshold. This ludicrous scenario demonstrates afresh how the proposed 85% rule would disproportionately impact the CDFI banking sector in a negative way.</p>	
477	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Target Market	<p>Alternatives to the Proposed New 85% Rule For the reasons discussed above, we urge the Fund to eliminate the proposed 85% rule for CIAs and continue with the current rules regarding Target Market calculations. The existing CIA structure already provides meaningful limitations to activities directed to non-qualifying areas without adding in this new rule. Alternatively, there are other options that achieve similar ends while preserving CIAs as a meaningful</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						<p>choice. One option is to get rid of the proposed 85% rule but modify the contiguity requirement. To increase the likelihood that activity directed to non qualifying geographic units will benefit the same communities as those found in eligible units, the Fund could require that each nonqualifying census tract or county included in a CIA must be immediately contiguous to an eligible census tract or county. This would obviate the need to cap the level of activity in nonqualifying tracts or counties. If the Fund were to decide to keep the 85% rule (which we strongly oppose), it should at a minimum lower the threshold for dollar volume to 60%. In our experience with CDFI banks, loans in non-qualifying areas have larger average loan amounts than loans in eligible areas. This is likely true across all institution types. An institution should not be penalized for making a relatively small number of large loans in ineligible areas if 85% of its loans (by number) are made in eligible areas. If the requirement for dollar volume directed to eligible areas in a CIA were reduced to 60%, for instance, then the CIA may become a viable option for community banks. Nevertheless, by preserving the 85% rule in any form, this modified version of the rule is still subject to the criticisms of being unnecessary, being impossible for many banks, and creating a perverse incentive to avoid serving certain portions of one's Target Market, as discussed at greater length above. Finally, if this 85% rule were kept (which, again, we strongly oppose), this underscores the importance of restoring the non-Metro county to its rightful place in the geographic unit hierarchy, as noted in sub-section "A" above. The rule as drafted requires that 85% of activities directed to a CIA must be directed to "individually qualified census tracts" within the CIA. The non-Metro county, however, is not a second-class unit. According to the implementing regulation, it should be considered an acceptable option as the basic or foundational unit for all IA calculations, including the calculation of activities directed to non-qualifying areas. With the non-Metro county as a basic unit, a limited number of community banks may be able to satisfy the 85% rule, thus rendering the CIA option at least minimally relevant for some CDFIs. In sum, the 85% rule was not sufficiently emphasized in the proposal, although it represents a massive alteration to the Investment Area framework. This proposed new rule should be eliminated because it is unnecessary, impossible to comply with for many banks, renders CIAs irrelevant, and creates perverse incentives. If the rule were eliminated, perhaps the Fund could explore whether a similar objective could be achieved by modifying the contiguity requirement to require that non-qualifying areas must be immediately contiguous to eligible areas. If the rule is not eliminated, then the Fund</p>	

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						should at least lower the CIA non-qualifying area dollar volume threshold from 85% to 60% and restore the non-Metro county as a basic unit for this threshold calculation.	
478	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Target Market	<p>Bank Holding Companies and Their Subsidiary Banks We are unclear on exactly how the Target Market requirements will be applied to multi-bank holding companies and their subsidiary banks. The Proposed Certification Application states that a DIHC, an Affiliate of a DIHC, or a Subsidiary of an IDI must meet the requirements “[i]ndividually, based on the Applicant’s own Financial Product and, if elected, Financial Services activity,” which is clear enough. But then it states that they must also meet the requirements “[c]ollectively, based on the aggregate Financial Product and, if elected, Financial Services activity of the Applicant and any Affiliate in its family of entities.” This part creates confusion. Consider an example in which a bank holding company owns 100% of two banks, Bank A and Bank B. The banks are roughly the same asset size and have separate boards, separate officers, and operate in separate markets. If Bank A wants to apply for CDFI certification, how are the Financial Products of Bank B to be considered or aggregated? Are Bank B’s products—directed entirely outside of Bank A’s Target Market—to be simply added to Bank A’s? If so, Bank A will almost certainly fail the 60% test. To avoid this, can Bank B have its own Target Market for purposes of the calculations even though it is not applying for CDFI certification? Are there other alternatives? At a minimum, further clarification is needed, with examples included, as to how such calculations should work in the context of multi-bank holding companies.</p>	The requirement that a Depository Institution Holding Company (DIHC) or any Affiliate of a DIHC, meet the CDFI Certification requirements based on an individual review of its compliance with those requirements, as well as a collective review of the DIHC and its Affiliates is a statutory requirement. The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.
479	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Development Services	<p>Development Services The Fund may not have intended to propose substantive changes to the Development Services (DS) requirements, but the proposed changes are certainly substantive. They impose several specific and sometimes counterintuitive requirements and exclusions that would put most of the traditional DS offered by banks outside of the definition. We oppose the proposed changes and believe that the current DS requirements provide the necessary flexibility for institutions to serve residents and businesses within their Target Markets most effectively.</p> <p>In our view, the Act, the regulations, and the current Submission Guide provide sufficient guidance on DS while maintaining necessary flexibility. The proposed changes, by contrast, constrict institutions’ ability to deliver DS in the ways most helpful to their customers and will unfortunately result in many institutions adopting a formal, check-the-box DS program to comply with these requirements.</p> <p>Our main objections are twofold: (1) these proposed</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						requirements are arbitrarily constrictive and limiting and will remove many CDFIs' most flexible and effective DS from consideration, and (2) most of these proposed requirements do not appear to further CDFI policy objectives. First, these proposed requirements are constrictive and limiting. As a result, some of the best work being done by CDFIs will be ignored by the CDFI Certification Application and, presumably, in CDFI Program funding applications. In its place, CDFIs will be forced to create formal programs, often creating little impact, in order to achieve technical compliance with these new DS rules.	
480	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Development Services	<p>Two examples serve to illustrate our main objections to the proposed rules: informal credit counseling and financial education to students.</p> <p>Informal Credit Counseling. Many of the most effective DS are delivered in informal settings and are not part of a formal program. For example, most CDFI banks provide informal credit counseling to loan applicants. Lenders talk with applicants to learn their financial need, walk them through the various loan products available to address those needs, and help applicants understand the underwriting process. If applicants have trouble qualifying for the loan they need, lenders help them understand why they may not qualify and discuss additional options, such as providing nontraditional collateral, locating a co-signer, or taking measures to address issues in their credit report. This highly individualized approach is the most helpful way to prepare consumers to access the Applicant's financing, and it is enormously effective. This DS is inherent within the CDFI community bank lending process, and CDFI banks are justifiably very committed to it. This counseling, however, would not qualify as a DS under the proposal. It is not formal. It is not stand-alone. It is not delivered separately and distinctly from the CDFI's Financial Products, but rather is an integral part of its provision of Financial Products. It is not formally provided four times per year. It is so ubiquitous and integral to the CDFI's mission that it is impossible to track delivery of and participation in this DS, nor to track the amount of staff time spent on this DS. Finally, this DS necessarily involves non-structured conversations with consumers. In other words, arguably the most valuable DS offered by community bank CDFIs would not come remotely close to even qualifying as a DS under the proposal.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
481	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Development Services	<p>Financial Education to Students - such financial education programs include workshops for children. They also often utilize a combination of in-person classroom education and online training tools. Therefore, these efforts also fail to qualify as DS under the new rules. Thus, two of the primary DS provided by CDFI banks will no longer be considered DS</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						under the wooden requirements that the proposal seeks to impose.	
482	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Development Services	Our second main objection is that these proposed strictures do not seem to further the policy objectives of the CDFI Fund. Most significantly, they limit diversity of CDFI type by disfavoring the informal DS offered by most CDFI banks. They also discourage flexibility and innovation by CDFIs seeking to utilize a variety of DS to facilitate access to their products and services; rather, some of the best programs currently offered by CDFIs will no longer be considered DS, with the result that some CDFIs may cease to offer these programs. Meanwhile, many CDFIs will satisfy the proposed DS requirement by means of limited, formal, stand-alone programs that satisfy the new rules' lengthy checklist of features but likely result in a lesser benefit to their Target Markets. Furthermore, they create additional burden by imposing a checklist of formal requirements and exclusions, and compliance with these rules must be carefully trained and monitored. Finally, by arbitrarily limiting the types of services that can be considered DS, they fail in their effort to protect the CDFI brand. Requirements such as formality, meeting at least four times per year, and being offered separately and distinctly from the CDFI's other products and services, as well as the exclusion of certain delivery channels and formats, do not have any readily apparent connection to the objectives of the DS requirement—namely, to promote community development and to prepare or assist residents and businesses to use the CDFI's Financial Products.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
483	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Development Services	Finally, we would note that one of the proposed DS requirements seems to directly contradict the language of the Community Development Banking and Financial Institutions Act of 1994, which requires that DS must be "integral to lending or investment activities." In furtherance of this statutory mandate, the current AMIS Submission Guide states that DS must be provided "in conjunction with the Financial Products [the CDFI] provides." The proposed rules, by contrast, require that DS must be "delivered separately and distinctly from its otherproducts/services"—seemingly the exact opposite of the statutory mandate and current guidance.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
484	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Development Services	For all of the reasons indicated above, we request that the proposed rules be modified to permit to provide greater flexibility and permit a broader range of activities to satisfy the DS requirement. If, however, the Fund determines that it will nevertheless retain the structure being proposed, then we would request at a minimum that specific provision be made for informal credit counseling. For example, the Fund might provide that informal credit counseling constitutes a DS provided that it includes at least three of the following six	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						<p>features:</p> <ul style="list-style-type: none"> ▪ Discussion of the customer’s financial need and the various Financial Products available to meet such needs ▪ Explanation of credit score and how it might be improved ▪ Qualitative discussion of information in the credit report ▪ Discussion of alternative sources of collateral, possible co-signers, or other alternative means of qualifying the credit ▪ Discussion of extenuating circumstances which may be relevant in determining whether a loan policy exception is appropriate ▪ Counseling regarding government or private programs available to assist in meeting the borrower’s financial need or enabling the borrower to access the CDFI’s Financial Products <p>Such a special provision would not address the overarching concerns regarding the rigidity of the proposed DS rules, but it would at least enable CDFIs to continue including this service within their DS calculations.</p>	
485	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Accountability	<p>Accountability We request clarification on what the term “investor” means for purposes of conflicts. It cannot mean any person who owns any stock in the bank. Such an interpretation would conflict out nearly all community bank governing board members, since most bank board members are required by law to own stock in the bank. We request that all such references to “investors” be eliminated in favor of references to “principals,” i.e., shareholders owning or controlling at least 25% of the bank.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
486	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Accountability	<p>Our second comment is that the accountability requirement for the governing board to the overall proposed Target Market(s) should be reduced from 33% of the board’s members²⁰ to 30% to reflect current certification practice. This would eliminate the need for existing CDFIs who relied on the current 30% expectation to alter their board composition in order to maintain certification.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
487	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Accountability	<p>Our next comment relates to the proposed requirement that, in order for an advisory board to provide accountability, “at least 20% the governing board members [must be] accountable to at least one proposed Target Market.” We request that this proposed 20% governing board accountability requirement be eliminated, that an exemption be granted, or that conflicts for principals and staff members be waived for this purpose. In our experience, the governing boards of most community banks contain several principals or staff members. One reason is that most community banks are locally owned and governed, and many are closely held by one family group. For closely held community banks, the governing board is often comprised primarily of principals, staff members, and their families. Another reason that bank boards have a high number of conflicted members is that,</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						given the highly regulated nature of the industry and the obligations of bank board members, the Chief Executive Officer and one or more senior executives are typically on the board. These boards usually include a high concentration of board members who would be considered Target Market representatives but for the fact that they or their family members are principals or staff members of the bank. As a result, banks in these situations use an advisory board to satisfy the accountability requirement. The Fund should recognize these facts about community banks and either eliminate the 20% requirement, give banks and bank holding companies an exemption from this requirement, or waive the normal conflicts rules for the limited purpose of complying with the 20% requirement.	
488	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Accountability	We also ask the Fund to provide clear, unequivocal guidance on what an advisory board must do to satisfy the accountability requirement. The Proposed Certification Application states that the Fund will review each board member and consider a number of factors in assessing whether an advisory board provides accountability. How, exactly, should the board members be selected? Are some ways members obtain input from the Target Market(s) acceptable, while other ways are not? Does the Fund have a preference as to how the advisory board input is incorporated into the organization's governing board's decision-making process? Does this proposed Application ask about these issues so that the Fund can disapprove the Certification Application if it does not like the answers, or are they primarily being asked for informational purposes? Clarity as to the Fund's minimum expectations regarding advisory boards is needed.	The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.
489	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Accountability	We repeat our request that the Fund allow non-Metro counties to serve as a basic geographic unit. Just as CDFIs should have the option of using the non-Metro county as the basic unit when designating an Investment Area and calculating Investment Area percentages, consistency requires that the same unit should also serve as the basic unit for board member accountability.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
490	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Accountability	We have specific comments and questions on the dropdown selections: <ul style="list-style-type: none"> ▪ AC14.1: What percentage of ownership must a board member have in the business? 	The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.
491	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Accountability	<ul style="list-style-type: none"> ▪ AC14.3: What if less than 51% of the business's locations are in qualified census tracts, but over 51% of the business's total revenue is generated in the locations that are in qualified census tracts? Is that acceptable? 	The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.
492	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Accountability	<ul style="list-style-type: none"> ▪ AC15.1: Should a geographic unit be included if only a portion of it is under the elected official's jurisdiction? 	The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.

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493	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Accountability	▪ AC16.3: What if the organization's market is not defined in terms of counties or states?	The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.
494	Sones & White	Everett White & Ben Sones	Member	11/5/2020	Accountability	▪ AC17: There is no question here analogous to AC16.3 (geography of market served). Is this intentional?	The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.
495	Sones & White	Everett White & Ben Sones	Member	11/5/2020	General	<p>Treatment of Existing CDFIs</p> <p>The Fund has requested comment on what sort of "grace period" should be given to existing CDFIs to come into compliance with any new rules related to certification. The short answer is: the maximum amount. The proposed changes to the CDFI certification process would fundamentally change the CDFI Certification requirements and would create a much narrower path for becoming and remaining certified. Narrowing the path may thin out some of the undesirable CDFIs and prevent predatory lenders from getting certified, but the proposed changes would also jeopardize the certification status of many institutions that have been model CDFIs. In fact, the effective elimination of CIAs through the new 85% rule would by itself cull many solid CDFI banks from the current ranks and keep many more out. We don't believe the Fund intends to see a dramatic reduction in CDFI banks—that would be contrary to the goal of diversity of CDFI types. Moreover, changing the rules in such a way as to force currently compliant CDFIs to de-certify would be unjust. Therefore, we propose that CDFI banks be grandfathered in and given the ability to opt into or out of the new regime. Alternatively, we recommend that existing bank CDFIs be given a long runway to transition and that awards received in the interim be unaffected by a subsequent loss of certification status. Specifically, we propose that certified CDFI banks be given the option to remain under the current certification regime indefinitely and the ability to elect at any time to be subject to the new regime. In the alternative, we propose that CDFI banks be given a three-year transition period to comply with the new rules. With respect to the new Target Market requirements, we propose that, after year three of the transition period, CDFI banks would submit an ACR/ CTLR and would be able to satisfy the requirement either through their activity in the prior 12 months or through an average of the prior three years. We further propose a blanket modification of all award and assistance agreements to include explicit language that an awardee will not be in violation of the agreement by virtue of losing its status as a certified CDFI. We believe these accommodations are equitable considering the nature of the proposed changes and the difficulty that many CDFI banks may have in G537altering their lending patterns to comply.</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
496	St Louis Credit	Maria	AVP	10/28/2020	Application	As a certified CDFI serving 62,000 members in St. Louis's most	The CDFI Fund has made significant changes to

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	Union	Langston	Community Development			under-resourced communities, we support this effort to establish an efficient path to CDFI certification for eligible institutions and establish clear, strong and consistent standards. Unfortunately, the application proposed by the CDFI Fund would not achieve these objectives. An effective Certification application should serve as a gateway that facilitates entry for eligible institutions and denies entry to those that are not, but the proposed application erects significant and costly barriers that would dissuade and exclude many highly committed and fully qualified CDFI credit unions. Without fundamental changes, the proposed application would encourage an exodus of credit unions from the ranks of certified institutions, depriving the CDFI movement of irreplaceable sources of capital, innovation, and community impact.	the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
497	St Louis Credit Union	Maria Langston	AVP Community Development	10/28/2020	Basic Information	The proposed Basic Information section includes ten questions that ask credit unions to demonstrate that our governing boards are democratically elected by our members. Since every credit union ¹ is required by law to have governing boards that are democratically elected by members, these questions reflect a basic lack of understanding of the credit union model.	The CDFI Fund agrees with this comment and has eliminated the referenced questions in the Basic Information section of the Application.
498	St Louis Credit Union	Maria Langston	AVP Community Development	10/28/2020	General	Our concerns are rooted in our identity. First, as an insured depository subject to rigorous regulatory standards, intensive examination and public reporting, St. Louis Community Credit Union is concerned that the proposed application creates a parallel, quasi-regulatory process that ignores the clear parameters already established by our actual regulators. Second, as a credit union, we are disheartened by numerous elements that ignore or misunderstand fundamental characteristics of our legal and operational structure. Finally, as a CDFI and member of Inclusiv, we share a concern that the proposed changes would make CDFI certification too costly for the vast majority of eligible credit unions, with a disproportionate impact on those that serve rural and minority communities. As a result, we strongly support Inclusiv's call for a fundamental redesign of the proposed certification application based on the comments collected during this period and also with substantive consultation with the CDFI field during the redesign process itself.	The CDFI Fund has made significant changes to the ICR based on comments received and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.
499	St Louis Credit Union	Maria Langston	AVP Community Development	10/28/2020	Accountability	The proposed Accountability section amplifies this fundamental misunderstanding by only recognizing the accountability of our democratically elected boards for narrowly defined target markets that make up more than 50% of our members. In the private sector more than 50% of voting shares is defined as a "controlling interest" and activist investors often change corporate boards with just 4% of the voting shares. Since credit union boards are democratically elected on the basis of one-member, one-vote, our boards	In recognition of the regulatory requirements placed on a credit union's governing board, the CDFI Fund has established an option by which a credit union may demonstrate Accountability to its Target Market(s) based on its membership and the use of an advisory board. The CDFI Fund believes that this policy is appropriate and ensures accountability to the Target Market(s) while reducing burden caused by the ICR for credit

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						are directly accountable to all of our members, not just a segment with a controlling interest. The provision for "special" accountability should be available to any CDFI with a board that is democratically elected by the people they serve, and should confer automatic accountability on any credit union or other democratically governed institution that meets the Target Market requirement for certification.	unions that meet these conditions.
500	St Louis Credit Union	Maria Langston	AVP Community Development	10/28/2020	Accountability	In addition, as Diversity, Equity and Inclusion (DEI) has been adopted as the 8th Cooperative Principle for all credit unions, we support Inclusiv's proposal to add a question regarding institutional plans to promote and sustain DEI.	The CDFI Fund will collect Basic Information data on the demographics of an Applicant's governing board and executive staff.
501	St Louis Credit Union	Maria Langston	AVP Community Development	10/28/2020	Primary Mission	The proposed Primary Mission section fails to recognize that credit unions and other regulated CDFIs already operate within strict parameters imposed by our regulators and CFPB to safeguard against predatory products and practices. Instead, the section requires a virtually endless series of questions with drop-down answers and descriptive narratives on each and every financial product and financial service we provide. These questions often use non-standard terminology and provide limited drop-down options that would distort any understanding of the wide array of credit union products and services, which are subject to vigorous and ongoing innovation and expansion across our industry.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and will work with the financial regulators to avoid the duplicate collection of data when possible; data collected is specific and required for businesses purposes and compliance.
502	St Louis Credit Union	Maria Langston	AVP Community Development	10/28/2020	Target Market	The proposed Target Market section would lower the Target Market threshold for loans to 50% for Insured Depositories provided that more than 60% of "financial services" are in CDFI Target Markets. We support this effort to recognize the special obligation of depositories to diversify risk across markets. However, the proposal to count financial services as number of accounts is fatally biased, since wealthier members will always have many more savings, money market, investment, IRA Keogh and other accounts than our low-income members. Indeed, many of our lowest-income members only have basic share or share draft accounts that give them access to the check-cashing, money order, bill-pay and other transaction services they depend on most heavily. In other words, contrary to the democratic ethos of credit unions, the CDFI Fund proposes to measure financial services by counting our wealthier members many more times than our lower income members. We strongly support the Inclusiv proposal to use a straightforward count of unique credit union members as a more accurate proxy indicator for financial services.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
503	St Louis Credit Union	Maria Langston	AVP Community Development	10/28/2020	Development Services	The proposed Development Services section adds inflexible requirements that rule out many of the most effective educational, counseling and coaching services we provide to our members. For example, the CDFI Fund proposes to eliminate consideration of any one-on-one support provided in conjunction with a product or service. This ignores	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						considerable research – including recent work by Inclusiv and CFSI -- that challenge the effectiveness of stand-alone financial education and counseling and instead emphasize the importance and positive impact of delivering key messages at “teachable moments,” in conjunction with appropriate products and services. In a sense, the CDFI Fund has proposed that meaningful driver training only takes place in a classroom, and anything delivered behind the wheel simply doesn’t matter.	
504	St Louis Credit Union	Maria Langston	AVP Community Development	10/28/2020	Legal Entity	The proposed Legal Entity section continues to rely on copies of historic documents to confirm the legal status of each CDFI. The cumbersome collection and review of old documents does not establish whether an entity is both legal and currently active, but there is a readily available federal system that does. We support Inclusiv’s proposal to use registration with SAM.GOV to meet the legal entity requirement for certification. In addition to efficiently addressing the legal entity requirement, SAM registration would ensure that every CDFI is ready to participate in CDFI Program funding rounds as soon as they are certified.	The data to be collected via this ICR is specific and required for business purposes and compliance.
505	NALCAB	Noel Poyo	Executive Director	11/5/2020	Application	We urge the Fund to maintain strong certification standards that ensure that certified CDFIs are truly focused on producing a positive social and economic impact for populations that have been traditionally underserved by our nation’s financial services system. This can be achieved without unnecessarily complex and onerous re certification requirements.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
506	NALCAB	Noel Poyo	Executive Director	11/5/2020	Application	Further, an effective certification process must create a realistic “on ramp” for emerging mission lenders that are seeking certification for the first time.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
507	NALCAB	Noel Poyo	Executive Director	11/5/2020	Primary Mission	Primary Mission— Are the questions in the revised application appropriate to determine an entity’s community development intent? In general, the CDFI Fund should define principles or key objectives more specific than the mission statement to guide its determinations about an entity’s community development intent. Given the diversity and innovation of activities undertaken by CDFIs, any attempt to list all potential objectives or activities will inevitably be inadequate. The Fund does need flexibility to make determinations beyond a specific list, and the utilization of that discretion should be clearly anchored in a set of principles. For example, the more a mission lender serves low income populations, the more flexibility the Fund should show with respect to any other criteria.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
508	NALCAB	Noel Poyo	Executive Director	11/5/2020	Primary Mission	Further, the list of community development objectives list is too narrow. Specifically, small business development should be a community development objective. Closing the racial	The CDFI Fund has modified this question to include additional recommended options. Applicants also have the option to select “Other.”

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						wealth gap, creating quality jobs and providing access to capital in persistent poverty communities should be community development objectives.	
509	NALCAB	Noel Poyo	Executive Director	11/5/2020	Primary Mission	Many of the options listed in the proposed application (i.e. "below market rate," "lower than standard," "nontraditional," "less established," "lower profitability," "mainstream underwriting criteria") need to be better defined or the Fund needs to ensure that interpretations are made by more than a single reviewer – which would certainly lead to inconsistency.	The CDFI Fund has eliminated the referenced question and significantly streamlined the Community Development Strategy data to be collected via this ICR.
510	NALCAB	Noel Poyo	Executive Director	11/5/2020	Primary Mission	Some of the questions in the new application assume that CDFI's business model is primarily defined or identifiable based on rates and fees. Access to capital is often far more important than cost of capital, as long as there are clear definitions of abusive rates and fees (for example at least a 36% rate cap on small business and consumer lending). The CDFI Fund should take great care not to assume that all CDFIs should always provide "below market rate" or "lower cost" capital when the real issue is that their customers do not have any non-abusive options for accessing capital. Overemphasis on pricing and fees is a mistake, except when defining abusive practices.	The CDFI Fund has eliminated the referenced question and significantly streamlined the Community Development Strategy data to be collected via this ICR.
511	NALCAB	Noel Poyo	Executive Director	11/5/2020	Application	Is the information that will be collected by the revised application necessary and appropriate for the CDFI Fund to consider for the purpose of CDFI certification? NALCAB encourages the CDFI Fund to continue with its efforts to automate processes and streamline the application process. This may require smaller CDFIs to invest in new software or technology and the CDFI fund should even more explicitly match its Technical Assistance resources with CDFIs and mission lenders seeking certification to support them in meeting the requirements of any new certification system. NALCAB is concerned that the new requirements for CDFIs that are not Financial Assistance awardees to complete and submit Transaction Level Reporting represents a significant new compliance burden without providing any resources.	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
512	NALCAB	Noel Poyo	Executive Director	11/5/2020	Primary Mission	Are there other practices related to the provision of Financial Products and/or Financial Services that should be considered indicators of an entity's community development intent? NALCAB strongly agrees with Opportunity Finance Network when they have asserted that the CDFI Fund should consider cross-agency efforts to certify certain mission lenders like SBA Community Advantage and Microlenders as well as Low-Income Designated Credit Unions. Certification should not be automatic, but some aspects of the certification could be met like allowing SBA microlenders and Community Advantage lenders be assumed to meet the Primary Mission test.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
513	NALCAB	Noel Poyo	Executive	11/5/2020	Primary Mission	Are there any other practices related to the responsible	The CDFI Fund has made significant changes to

Comment #	Organization	Author Name	Author Title	Letter Comment Date	Category	Comment	Response
			Director			<p>provision of Financial Products, especially those related to mortgage or other real estate lending, and to equity investments, for which either the presence or absence of which should be considered for purposes of CDFI Certification?</p> <p>The Responsible Business Lending Coalition's Small Business Borrowers Bill of Rights provides helpful guidelines for fair disclosure and transparent pricing in small business lending, some of which can be helpful in determining if an applicant is providing affordable, responsible financial products.</p>	the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
514	NALCAB	Noel Poyo	Executive Director	11/5/2020	Primary Mission	<p>With regard to interest rates, the CDFI Fund should establish a standard (36% "all in" APR, for example) and require CDFI's to certify their compliance, rather than collecting detailed pricing data, which may frequently change based on the balance of mission and financial return in any given project or deal.</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
515	NALCAB	Noel Poyo	Executive Director	11/5/2020	Primary Mission	<p>Should any of the questions in the application related to responsible financing practices be used as a basis to automatically disqualify an Applicant from eligibility for CDFI Certification, or are there alternative criteria that should be met or used in such a manner?</p> <p>If there are practices that should be considered either disqualifying or a prerequisite for CDFI Certification, should there be exceptions for any entities that engage or fail to engage, respectively, in such practices and, if so, under what circumstances?</p> <p>CDFI certification status should require adherence to certain responsible financing practices. It is appropriate to prohibit behavior by entities that engage in activities that negatively impact underserved communities. This includes payday and auto title lending, merchant cash advance and abusive overdraft fees. Any lending with "all in" annual percentage rates in excess of 36% should be viewed by the CDFI Fund as disqualifying of an applicant or existing CDFI. Consumer complaints filed with the Consumer Financial Protection Bureau and judgements against the lender should be taken into account. In the case of CDFI certified banks, this should be correlated with their Community Reinvestment Act rating and that of any parent company. CDFIs providing services to, or partnering with, businesses or organizations that deliver to the community abusive financial, housing, or other practice, should not qualify for certification.</p>	The CDFI Fund has made significant changes to the ICR based on comments received and interagency consultations, and the data collected is specific and required for business purposes and compliance.
516	NALCAB	Noel Poyo	Executive Director	11/5/2020	General	<p>What is a reasonable grace period for currently certified CDFIs to come into compliance with the new certification criteria?</p> <p>The phase in period for a new certification process should be 24 months. CDFI Fund should establish and actively utilize flexibility for smaller or newer CDFIs and those that do not receive resources from the Fund to ensure any new burdens</p>	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.

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						are reasonably phased in. The CDFI Fund should also provide training on the new application and reporting requirements.	
517	NALCAB	Noel Poyo	Executive Director	11/5/2020	Primary Mission	Primary Mission—Affiliates Are there circumstances that the CDFI Fund should consider as an exception to this rule? NALCAB supports the CDFI Fund’s proposal to apply this standard to all CDFI types and require applicants to demonstrate the mission focus of their parent and affiliate organizations to meet the primary mission test.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
518	NALCAB	Noel Poyo	Executive Director	11/5/2020	Financing Entity	Financing Entity The current “predominance of assets” test should remain unchanged. The CDFI Fund’s proposal to change this is insufficiently transparent.	The CDFI Fund will provide increased transparency on its policies, both in the Application and through supplemental guidance.
519	NALCAB	Noel Poyo	Executive Director	11/5/2020	Target Market	Target Market NALCAB supports removing geographic boundaries on most Target Market designations.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
520	NALCAB	Noel Poyo	Executive Director	11/5/2020	Target Market	Removing Flexibility from Target Market Threshold The following statement is concerning, “Applicants for CDFI Certification must meet the relevant Financial Product activity percentage threshold, without exception, in both the number and dollar amount of such activity – the CDFI Fund will discontinue its current practice of providing exceptions to the Target Market threshold requirement.” The Fund should always reserve the ability to exercise some level of flexibility to address exceptional circumstances and market fluctuations due to factors like an unforeseen global pandemic. Using a rolling three-year average would help to ensure one-time fluctuations are not used to unreasonably disqualify an otherwise strongly mission driven organization.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.
521	NALCAB	Noel Poyo	Executive Director	11/5/2020	Accountability	Accountability Accountability to OTP Target Markets should be established with two tests. First, using a rolling three-year average, a CDFI should show it actually invests 60% of its loans by volume and dollar amount in the other targeted population. Second, the CDFI’s board should include at least 50% representation from individuals who self-identify as from the other targeted population OR the CDFI’s board should include at least 25% representation from individuals who self-identify as from the other targeted population and the CDFI’s senior leadership (as defined by the CDFI itself) should include at least 50% representation from individuals who self-identify as from the other targeted population. NALCAB supports providing greater flexibility on the geography of board members.	This comment is not pertinent to this ICR; however, the CDFI Fund has taken this recommendation into consideration while establishing final certification policies.